NEW ISSUE
BOOK ENTRY ONLY

Moody's Ratings: Series A: Aaa
Series B: Aa2
See "Ratings" herein.

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Multifamily Development Revenue Bonds
(Broadway Homes Project)
$8,100,000 Series 2002 A Bonds
$5,045,000 Series 2002 B Bonds

Dated: June 1, 2002 **Price of all Bonds:** 100% **Due:** As shown on the Inside Cover hereof

The Multifamily Development Revenue Bonds (Broadway Homes Project), Series 2002 A and B (respectively, the "Series A Bonds" and the "Series B Bonds"; collectively, the "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 Bonds. Purchases of the Bonds will be in book entry form only, in principal amounts of $5,000, or any integral multiple thereof. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2002, by Allfirst Bank, Baltimore, Maryland, Trustee, to DTC. DTC will remit such payments to participating financial organizations for subsequent disbursement to beneficial owners of the Bonds. Additional information is contained under the caption "The Bonds" herein.

The Bonds are being issued to finance the construction of a multifamily rental housing project (the "Project") to be located in the City of Baltimore, Maryland, which will be owned by Broadway II, LP (the "Borrower"). The proceeds of the Bonds will be lent to the Borrower pursuant to a building loan agreement. A portion of the permanent financing for the Project will be provided by the Housing Authority of Baltimore City (the "Housing Authority"). Funds for the permanent financing of the loan represented by the Series A Bonds will be deposited into an Escrow Fund held by Allfirst Bank, as Escrow Agent (the "Escrow Fund"), pledged to the owners of the Series A Bonds, and expected to be used to pay the Series A Bonds at maturity. The Series B Bonds are secured by an irrevocable direct-pay Letter of Credit issued by SunTrust Bank (the "Letter of Credit") for an initial term ending June 25, 2007. The Series A Bonds and Series B Bonds are separately secured by their respective Trust Estates. See "Security and Sources of Payment" herein.

The Bonds are subject to redemption at par prior to maturity at the times and under the conditions set forth under the caption "The Bonds" herein.

The Bonds are special obligations of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland, payable solely from the Trust Estate pledged under the respective Indenture. The Administration has no taxing power. In addition to the Trust Estate, the Trustee also has a lien on and security interest in the Escrow Fund for the Series A Bonds, as further described herein, for the benefit of the owners of the Series A Bonds. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

The Bonds (other than $1,320,000 principal amount of the Series B Bonds maturing on May 1, 2020 (the "Placed Bonds"), which are not being reoffered hereby) are offered for delivery when, as and if issued, subject to the opinion of Hawkins, Delafield & Wood, Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Holland & Knight LLP, Washington, D.C. Certain legal matters will be passed upon for the Housing Authority by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland. Certain legal matters will be passed upon for the Borrower by Nixon Peabody LLP, Washington, D.C. It is expected that the Bonds will be available for delivery on or about June 25, 2002.

Bear, Stearns & Co. Inc.

Ferris, Baker Watts
INCORPORATED

Legg Mason Wood Walker
INCORPORATED

UBS PaineWebber Inc.

June 13, 2002

MATURITY SCHEDULE

Series A Bonds
$8,100,000 3 1/8% Term Bonds due May 1, 2005

Series B Bonds

$2,645,000 3 1/8% Term Bonds due May 1, 2005
$2,400,000 5.35% Term Bonds due May 1, 2020
($1,320,000 principal amount of the 2020 maturity not reoffered)

Price of All Bonds 100%
(Accrued Interest To Be Added)

No dealer, broker, salesman or other person has been authorized by the Administration, the Borrower or by the Underwriters 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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 Borrower since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

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

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OFFICIAL STATEMENT

Relating to

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Multifamily Development Revenue Bonds
(Broadway Homes Project)
$8,100,000 Series 2002 A and $5,045,000 Series 2002 B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, 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 Multifamily Development Revenue Bonds (Broadway Homes Project), Series 2002 A and 2002 B (respectively, the "Series A Bonds" and the "Series B Bonds"; collectively, the "Bonds").

Certain capitalized terms used in this Official Statement are defined in APPENDIX A - "Definitions." Capitalized terms not otherwise defined herein are used as defined in the Indentures.

Authorization

The Administration is authorized to issue the Bonds pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act"), and a Determination of the Director of the Administration approved by the Secretary of Housing and Community Development (the "Secretary"). The Series A Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2002 (the "Series A Indenture") between the Administration and Allfirst Bank, Baltimore, Maryland, as trustee (the "Trustee"). The Series B Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2002 (the "Series B Indenture," and together with the Series A Indenture, the "Indentures"), between the Administration and Allfirst Bank, Baltimore, Maryland, as Trustee. The Trustee has not participated in the preparation of this Official Statement.

Use of Proceeds of Bonds and Plan of Financing

The Bonds are being issued in the aggregate principal amount of $13,145,000 to provide funds to finance the construction of 132 multifamily rental housing units. These units, together with a community center (the "Community Center") not financed by Bond proceeds, are referred to collectively as the "Project." The Project is part of a larger development known as "Broadway Homes" which is expected to eventually include 34 homeownership units, of which 29 are anticipated to be market-rate and five are anticipated to be set-aside for former public housing residents under certain conditions. Of the 132 rental units, 84 will consist of replacement public housing units. Broadway Homes is part of the initiative of the Housing Authority of Baltimore City (the "Housing Authority") to replace or renovate aging public housing projects in the City of Baltimore using, among other sources, funding through the United States Department of Housing and Urban Development's ("HUD") HOPE VI Program. The Project will be owned by Broadway

II, LP, a Maryland limited partnership (the "Borrower" or the "Partnership"). The proceeds of each Series of Bonds will be loaned to the Borrower for the purpose of paying a portion of the costs of constructing the rental housing units of the Project. The loan of the proceeds of the Series A Bonds is referred to as the "Series A Loan," and the loan of the proceeds of the Series B Bonds is referred to as the "Series B Loan" (collectively, the "Loans").

The Loans. The Series A Loan will be evidenced by a deed of trust note (the "Series A Note") obligating the Borrower to make payments sufficient to pay principal of and interest on the Series A Bonds when due. The Series A Note is secured by a Deed of Trust, Security Agreement and Assignment of Rents (the "Series A Deed of Trust") which creates a first lien on and security interest in the Project (co-equal in priority with the Series B Deed of Trust discussed below). *However, interest payments due on the Series A Note are expected to be made from investment earnings on (i) the Bond proceeds held in the Series A Project Fund under the Series A Indenture, (ii) certain deposits made by the Borrower at Bond Closing, and (iii) the funds held in the Escrow Fund under the Escrow Agreement described below. The payment of principal at maturity of the Series A Note is expected to be made from funds on deposit in the Escrow Fund and the Series A Project Fund.* Therefore, the primary security for the Series A Note is the Series A Project Fund and the Escrow Fund, not the Series A Deed of Trust.

The Series B Loan will be evidenced by a deed of trust note (the "Series B Note") obligating the Borrower to make payments sufficient to pay principal of and interest on the Series B Bonds when due. The Series B Note is secured by a Deed of Trust, Security Agreement and Assignment of Rents (the "Series B Deed of Trust") which creates a first lien on and security interest in the Project (co-equal in priority with the Series A Deed of Trust). Principal of and interest on the Series B Bonds is expected to be paid from proceeds of draws on the Letter of Credit (the "Letter of Credit") issued by SunTrust Bank (the "Letter of Credit Provider"). Therefore, the primary security for the Series B Bonds is the Letter of Credit, not the Series B Deed of Trust.

The Administration, the Trustee, the Letter of Credit Provider and the Borrower will enter into a Conditional Assignment Agreement dated as of June 1, 2002 (the "Conditional Assignment") simultaneously with the issuance of the Letter of Credit. Pursuant to the Conditional Assignment (i) the Administration has assigned all (except for certain reserved rights of the Administration with respect to the payment of fees and enforcement of certain tax covenants) of its right, title and interest in the Series B Note, Series B Deed of Trust and related documents to the Letter of Credit Provider, and (ii) the Letter of Credit Provider has the exclusive right to service the Series B Loan and to exercise rights under the Series B Deed of Trust and related documents, provided however that the assignment and the exercise of such rights shall terminate in certain events, including that the Letter of Credit Provider fails to honor a properly presented draw under the Letter of Credit or becomes insolvent.

No portion of the Letter of Credit is pledged to holders of the Series A Bonds. No portion of the Escrow Fund is pledged to holders of the Series B Bonds.

The Series A Deed of Trust and the Series B Deed of Trust will be co-equal first liens on the Project. If the Administration were to foreclose the Series A Deed of Trust, it would acquire the Project subject to the Series B Deed of Trust, and should any party foreclose the Series B Deed of Trust, it would acquire the Project subject to the Series A Deed of Trust.

Eighty-four of the units in the Project are subject to certain restrictions or requirements designed to assure that such units are operated as public housing occupied by tenants having limited incomes. These requirements are set forth in a Declaration of Trust and Restrictive Covenants in favor of HUD that runs with the land (the "Declaration"). Both the Series A Deed of Trust and the Series B Deed of Trust are subordinate to the Declaration. In addition, both the Internal Revenue Code and State law impose certain income and occupancy requirements on the Project. Accordingly, the Administration is unable to give any assurance as to the economic value of the Project. Purchasers of the Bonds should look to the investments held under the respective Indentures, the Escrow Agreement (with respect to the Series A Bonds), and the Letter of Credit (with respect to the Series B Bonds) as the primary security for and source of payment of the Bonds. See "SECURITY AND SOURCES OF PAYMENT — Loan Documents" and "FACTORS AFFECTING PAYMENT OF OR SECURITY FOR THE BONDS - Value of Project."

The HABC Loan. The Housing Authority will provide permanent financing for the Project, which will be used to repay the Series A Loan, in the form of a loan in the amount of $8,100,000 from the Housing Authority to the Borrower (the "HABC Loan"). The financing for the HABC Loan will be funded with funds made available by HUD as a grant to the Housing Authority under HUD's HOPE VI Program ("Hope VI Funds").

Additional funds to finance the costs of constructing the Project will be provided from the proceeds of syndication of low-income housing tax credits with respect to the Project, a loan to the Borrower from the Department through its Partnership Rental Housing Program, an additional loan and a line of credit to the Borrower from the Housing Authority, and a loan to the Borrower from the City of Baltimore. Additional information regarding use of proceeds of the Bonds and the financing plan is contained under the heading "APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING."

Security and Sources of Payment

Security for the Bonds. The Series A Bonds are primarily secured by any and all moneys which are at any time or from time to time held under the Escrow Agreement, described below, and the Series A Project Fund. The Series B Bonds are primarily secured by all of the Administration's right, title, and interest in the Letter of Credit, described below. In addition, the Bonds of each Series are equally and ratably secured by a pledge of and lien on: (1) all of the Administration's right, title, and interest in and to and remedies under the related Loan Documents, including (without limitation) any and all security referred to therein (except that if the Letter of Credit Provider is not in default of its obligations, the Administration's right, title, and interest in the Series B Deed of Trust will be subject to the Conditional Assignment), (2) the Revenues of the Administration from the related Loan, (3) all moneys which are at any time or from time to time on deposit in any fund or account created under the related Indenture, other than amounts held in the related Rebate Fund or required to be rebated to the United States, and (4) all right, title and interest in and to and remedies with respect to any and all other property from time to time conveyed, pledged, assigned or transferred to the Trustee, as and for additional security under the related Indenture, by the Administration or by anyone, excluding, however, all Reserved Rights of the Administration and amounts held in the Rebate Fund. All of the foregoing property is herein referred to as the "Trust Estate" for each Series of Bonds. **The Series A Bonds and Series B Bonds are separately secured by their respective Trust Estates and are neither cross-collateralized nor cross-defaulted, although the Project secures both the Series A Loan and the Series B Loan. The Series A Loan and the Series B Loan are cross-defaulted.**

The Escrow Agreement. As security for the Series A Bonds, the Housing Authority, the Borrower, the Administration and Allfirst Bank as escrow agent (the "Escrow Agent") have entered into an Escrow Agreement, dated as of June 1, 2002 (the "Escrow Agreement"). Monies disbursed by HUD to the Housing Authority to fund the HABC Loan will be deposited in the Escrow Fund created by the Escrow Agreement, and will be invested in an Investment Agreement (as defined below). All moneys held under the terms of the Escrow Agreement are held by the Escrow Agent for the benefit of the owners of the Series A Bonds pursuant to a pledge and assignment of such funds and a security interest therein. On each Construction Draw Date, funds from the HABC Loan will be deposited into the Escrow Fund in an amount equal to the amount of funds being disbursed from the Series A Project Fund under the Series A Indenture. Thus, the aggregate of the amount on deposit in the Escrow Fund under the Escrow Agreement and the amount of moneys held in the Series A Project Fund under the Series A Indenture are expected at all times to equal the outstanding principal amount of the Series A Bonds. Investment earnings on moneys held under the Escrow Agreement, the Series A Project Fund, and certain funds from a draw on a letter of credit to be provided by the Borrower at closing are expected to be used to pay interest payable on the Series A Bonds. Upon maturity of the Series A Bonds, redemption of the Series A Bonds prior to maturity, or the occurrence of an event of default under the Series A Indenture and acceleration of maturity of the Series A Bonds, the Trustee is authorized to apply moneys held under the Escrow Agreement to payment of Series A Bonds. For further information on the security for the Series A Bonds, see "SECURITY AND SOURCES OF PAYMENT."

The Letter of Credit. As security for the Series B Bonds, the Trustee will hold an unconditional, irrevocable direct-pay Letter of Credit in an amount no less than the aggregate of the principal amount of the Series B Bonds and 190 days of interest thereon, issued by the Letter of Credit Provider and expiring on June 25, 2007, unless earlier terminated in accordance with its terms. The Letter of Credit Provider has agreed to renew the Letter of Credit for two (2) periods of five (5) years each and one (1) additional period ending May 1, 2020, provided certain provisions set forth in the Letter of Credit Agreement between the Borrower and the Letter of Credit Provider dated as of June 1, 2002 (the "Letter of Credit Agreement") are satisfied. The Trustee is instructed to draw on the Letter of Credit to pay amounts due holders of the Series B Bonds on account of interest or principal coming due on the Series B Bonds, whether at maturity, or earlier, upon an acceleration or other prepayment of the Series B Bonds. If the Trustee does not receive notice that the Expiration Date of the Letter of Credit then in effect securing the Series B Bonds has been extended at least 120 days prior to such Expiration Date, the Series B Bonds will become due and payable two Business Day's prior to any such Expiration Date from the proceeds of a draw on the Letter of Credit. See "SECURITY AND SOURCES OF PAYMENT - Letter of Credit."

No Cross-Collateralization Between Bond Series. Each Series of Bonds is separately secured by the respective Loan Documents for such Series and neither Series of Bonds is cross-defaulted or cross-collateralized. Both Series A Loan and the Series B Loan are secured by co-equal first liens on the Project, and a default under the Series A Deed of Trust creates a default under the Series B Deed of Trust and vice versa. In addition, a default under the Loan Documents with respect to the Series A Bonds will create, at the option of the Letter of Credit Provider, an event of default under its Letter of Credit Agreement with the Borrower, which may result in an acceleration of the Series B Bonds. A default with respect to the Bonds of one Series of Bonds will not constitute a default with respect to the other Series of Bonds. Moneys held under the Escrow Agreement and loan payments and other Revenues available under the Loan Documents for one Series of Bonds are not available to pay debt service on the other Series of Bonds.

Limited Obligation of Administration

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

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

General Information Relating to Bonds

The Series A Bonds will be dated June 1, 2002, will mature on May 1, 2005 and will bear interest from their date, payable semiannually on May 1 and November 1 of each year, beginning November 1, 2002, at the rate set forth on the inside cover page of this Official Statement.

The Series B Bonds will be dated June 1, 2002, will mature in the years and in the amounts set forth on the inside cover page of this Official Statement, and will bear interest from their dated date, payable semiannually on May 1 and November 1 of each year, beginning November 1, 2002, at the rates set forth on the inside cover page of this Official Statement.

If any such dates for payment of the Bonds are not business days, then payment will be made on the next business day. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds will be issuable only as fully registered bonds in the denominations of $5,000, or any integral multiple thereof. The Bonds may be transferred or exchanged for Bonds of like series and maturity in any authorized denominations at the offices of the Trustee.

Redemption

The Series A Bonds and the Series B Bonds are subject to redemption in certain circumstances. See "THE BONDS - Redemption Provisions" for specific information relating to redemption of the Bonds.

Notices to Bondholders

Notice of redemption of the Bonds shall be given at least 30 days prior to the date fixed for redemption to the Holder of each Bond (or portion thereof) to be redeemed at the address shown on the registration books and any Securities Depository. Notices to Bondholders shall be given or published in such manner and by such means as the Administration or the Trustee, as the case may be, shall determine to be appropriate, including (but is not limited to) publication in one or more newspapers or trade journals, publication by or through one or more financial information reporting services, delivery to one or more nationally recognized municipal securities information repositories (individually, a "NRMSIR") or by first class mail.

Secondary Market Disclosure

The Borrower has agreed to provide to each NRMSIR and to the appropriate state information depository ("SID"), if any, for the State of Maryland, within four months after the end of each fiscal year, certain annual financial information and operating data. The Borrower has also agreed to provide, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board, and (ii) the SID, if any, notice of the occurrence of certain events with respect to any of the Bonds, if material. See "Secondary Market Disclosure" for a more detailed discussion of the information the Borrower has agreed to provide and any limitations on such agreement.

Additional Information

Brief descriptions of the Bonds and the security for the Bonds are included in this Official Statement. Certain provisions of the Indentures, the Escrow Agreement, and the Loan Documents are summarized in APPENDIX B. The proposed form of the opinion of Bond Counsel is included in APPENDIX C. Information with respect to the Letter of Credit Provider is included in APPENDIX D. Information with respect to the Investment Provider (hereinafter defined) is included in APPENDIX E.

This Introduction is only a brief description of the matters described herein. Prospective purchasers of the Bonds should read the entire Official Statement, including the appendices thereto, in order to make an informed investment decision. 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. This Official Statement speaks only as of its date and the information contained herein is subject to change.

All references herein to the Indentures, the Escrow Agreement, the Investment Agreement, the Loan Documents and other documents and agreements are qualified in their entirety by reference to such Indentures, Escrow Agreement, Investment Agreement, Loan Documents, documents and agreements, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indentures and the information with respect thereto included in the Indentures, Loan Documents, documents and agreements, copies of which are available for inspection at the offices of the Administration located at 100 Community Place, Crownsville, Maryland 21032. Inquiries for documents or concerning this Official Statement should be directed to Anne P. Konrad, Director, Finance, at 410-514-7326 or konrad@dhcd.state.md.us.

THE BONDS

General Description

The Bonds will be dated June 1, 2002. The Bonds will be issuable only as fully registered bonds in denominations of $5,000, or any integral multiple thereof. The 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 Bonds. Purchases of the Bonds will be in book entry form only, in minimum amounts of $5,000 principal amount or any integral multiple thereof. The Bonds will mature in the years and amounts set forth on the cover page of this Official Statement and will bear interest from their date, payable semiannually on May 1 and November 1 of each year, commencing November 1, 2002, by the Trustee. If any such dates are not business days, then 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.

Redemption Provisions - Series A Bonds

Optional Redemption. The Series A Bonds are not subject to optional redemption.

Special Redemption in Certain Events. The Series A Bonds are subject to redemption as a whole or in part, at any time, at the option of the Administration at a redemption price equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption, without premium or penalty, from moneys held under the Escrow Agreement and in the Series A Project Fund, upon the occurrence of any of the following events: (1) damage to or destruction of the Project by fire or other casualty to such extent that (a) the Project cannot be repaired, rebuilt or restored to the condition thereof immediately preceding such damage or destruction, or (b) the Borrower is thereby prevented from carrying on its normal operations at the Project, or (c) the cost of restoration of the Project would exceed by more than $10,000 the net proceeds of insurance carried thereon pursuant to the Loan Agreement plus any amounts for which the Borrower is self insured; or (2) title to, or the temporary use of all or substantially all of the Project or any part thereof is taken under the exercise of the power of eminent domain which, in the opinion of the Borrower, is likely to prevent the Borrower from carrying on its normal operations at the Project for a period of at least six months.

Mandatory Redemption from Series A Project Fund. The Series A Bonds are subject to mandatory redemption by the Administration in part at any time at a redemption price equal to 100% of the principal amount of the Series A Bonds to be redeemed plus accrued interest to the redemption date to from amounts remaining in the Series A Project Fund which are not required to pay costs of construction of the Project.

Redemption Provisions - Series B Bonds

Optional Redemption. The Series B Bonds maturing after May 1, 2005 may be redeemed prior to maturity at the option of the Administration (but only upon direction of the Borrower) from proceeds of a draw upon the Letter of Credit, either as a whole or in part, from time to time, at any time after May 1, 2012, from funds on deposit in the Letter of Credit Proceeds Account at a redemption price equal to 100% of the principal amount of the Series B Bonds to be redeemed plus accrued interest thereon to the redemption date.

Special Redemption in Certain Events. The Series B Bonds are subject to redemption as a whole or in part, at any time, at the option of the Administration, but only from a draw upon the Letter of Credit, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption, without premium or penalty, upon the occurrence of any of the following events: (1) damage to or destruction of the Project by fire or other casualty to such extent that (a) the Project cannot be repaired, rebuilt or restored to the condition thereof immediately preceding such damage or destruction, or (b) the Borrower is thereby prevented from carrying on its normal operations at the Project, or (c) the cost of restoration of the Project would exceed by more than $10,000 the net proceeds of insurance carried thereon pursuant to the Loan Agreement plus any amounts for which the Borrower is self insured; or (2) title to, or the temporary use of all or substantially all of the Project or any part thereof is taken under the exercise of the power of eminent domain which, in the opinion of the Borrower, is likely to prevent the Borrower from carrying on its normal operations at the Project for a period of at least six months.

Mandatory Redemption from Series B Project Fund. The Series B Bonds are subject to mandatory redemption by the Administration, but only from a draw on the Letter of Credit, in part at any time at a redemption price equal to 100% of the principal amount of the Series B Bonds to be redeemed plus accrued interest to the redemption date, in an amount equal to any money transferred from the Series B Project Fund to the Bond Fund which is not required to pay costs of construction of the Project.

Mandatory Sinking Fund. The Series B Bonds maturing on May 1, 2020, are subject to mandatory sinking fund redemption in part, by lot, prior to maturity, but only from a draw upon the Letter of Credit, on the dates and in the amounts set forth below. The redemption price shall be equal to 100% of the principal amount of the Series B Bonds to be redeemed plus accrued interest through the redemption date.

Series B Bonds Maturing May 1, 2020

Redemption Date (November 1)	Redemption Amount	Redemption Date (May 1)	Redemption Amount
2005	$15,000	2006	$20,000
2006	15,000	2007	15,000
2007	20,000	2008	20,000
2008	20,000	2009	20,000
2009	20,000	2010	20,000
2010	20,000	2011	20,000
2011	20,000	2012	20,000
2012	25,000	2013	25,000
2013	25,000	2014	25,000
2014	25,000	2015	25,000
2015	30,000	2016	30,000
2016	30,000	2017	30,000
2017	30,000	2018	30,000
2018	35,000	2019	35,000
2019	35,000	2020	1,700,000†

† Final Maturity

If fewer than all of the Series B Bonds are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at one hundred percent (100%)

of the principal amount thereof by the Trustee against the obligation of the Issuer on future mandatory sinking fund redemption dates in a ratio equal to the total amount of such Series B Bonds so redeemed over the total amount of all such mandatory sinking fund installments to be so credited rounded to the nearest $5,000 denomination.

Expiration of Letter of Credit. The Series B Bonds are subject to redemption by the Trustee, but only from a draw upon the Letter of Credit, if at least one hundred twenty (120) days prior to the Expiration Date it has not theretofore received confirmation that the Expiration Date has been extended. The mandatory redemption shall occur two (2) Business Days prior to the Expiration Date. The Letter of Credit Provider is obligated, pursuant to the Letter of Credit Agreement, to renew the Letter of Credit (A) for a period of five years commencing on June 25, 2007, (B) for a second period of five years commencing on June 25, 2012, and (C) for a third period ending May 1, 2020, unless certain material Events of Default occur. See "SECURITY AND SOURCES OF PAYMENT - Letter of Credit."

Special Mandatory Redemption. The Borrower is obligated, pursuant to the Loan Agreement, to request on each January 1 and July 1, advice in writing from the Administration as to whether the Series B Bonds bear a rating from Moody's of not less than "Aa." The Administration shall advise the Borrower, the Trustee and the Letter of Credit Provider in writing within two weeks of the date the Administration receives the Borrower's written request as to whether the Series B Bonds bear such rating as of the date of the written response. If the Administration advises that such rating is satisfied as of the date of the written response, then no further action is required. If the Administration advises that such rating is not satisfied as of the date of the written response, or if at any time the Administration provides written notice to the Borrower that the Series B Bonds bear a rating from Moody's of less than "Aa," then the Series B Bonds shall be subject to special mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest through the redemption date, on a date established by the Administration and the Letter of Credit Provider that is not more than three months subsequent to the date of the Administration's letter regarding the rating.

Redemption Generally

General Provisions. Notice of redemption of the Bonds of a Series shall be given at least 30 days prior to the date fixed for redemption to the Holder of each Bond of such Series (or portion thereof) to be redeemed at the address shown on the registration books and any Securities Depository. Failure to give such notice in any authorized manner, or any defect in the notice, shall not affect the validity of any proceedings for the redemption of any other Bond or portion thereof. If, for any reason, it is impossible or impracticable to give such notice of call for redemption in the manner specified in the applicable Indenture, then the Trustee shall determine the manner of publication. Notice of redemption may advise that it is conditional upon the timely receipt of funds sufficient to effectuate the redemption.

If less than all outstanding Bonds of a Series are to be redeemed, the Trustee shall select the Bonds (or portions thereof) to be redeemed at random. Provided funds have been deposited with the Trustee for redemption on or before the redemption date, all Bonds or portions thereof so called for redemption will cease to bear interest on the specified redemption date and such Bonds or portions thereof shall no longer be protected by or subject to the benefit or security of their respective Indentures and shall not be deemed to be outstanding under such Indenture.

Purchase of Bonds. The Borrower or the Administration (at the request of the Borrower) may purchase or cause to be purchased any of the Bonds for any purpose in such manner as directed by such Borrower.

The Borrower or the Administration (at the request of the Borrower) may from time to time in its discretion invite tenders for sale of the Bonds to the Administration or a person designated by the Administration, either by public offer or private invitation, at such prices or bidding procedure as may be determined by the Borrower. Such tender invitations may be made for any purpose.

Additional Bonds

The Indentures do not authorize the issuance of additional Bonds.

DTC and Book Entry

At the time of delivery of the Bonds, DTC will act as securities depository for the Bonds. The ownership of one fully registered bond for each maturity of each Series of Bonds in the aggregate principal amount of each such maturity initially will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. DTC is a limited-purpose trust company organized under 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 ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interest in any of the Bonds, and will not be, or be considered to be, owners thereof under the Indentures, except in the event that use of the book-entry system for any of the Bonds is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The Trustee will make payments of principal of, redemption premium, if any, and interest on the Bonds to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on the date payable in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Administration or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to DTC is the responsibility of the Administration or the Trustee under the Indentures. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners 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 Bonds, will send any notice of redemption or other notices to DTC or its nominee as the registered owner of the 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 Bonds called for redemption or of any other action premised on such notice.

Redemption of portions of any maturity of the Bonds by the Administration will reduce the outstanding principal amounts of such maturity held by DTC or its nominee. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Neither the Administration nor the Trustee will have any responsibility or obligation to Direct Participants, Indirect Participants or to any Beneficial Owner with respect to (I) the accuracy of any records maintained by DTC, any Direct Participant, or any Indirect Participant; (II) the payment or timeliness of payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal of, premium, if any or interest on, the Bonds; (III) any notice which is permitted or required to be given to bondholders; (IV) any consent given by DTC or other action taken by DTC as Bondholder; or (V) the selection by DTC or any Direct Participant or Indirect Participant of any Beneficial Owners to receive payment in the event of a partial redemption of the Bonds. 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 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 Bonds.

Definitive Bonds. DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Administration or the Trustee. Under such circumstances, in the event a successor securities depository is not obtained, definitive Bonds are required to be printed and delivered. In addition, the Administration, in its sole discretion and without the consent of any other person, may not use or may terminate the services of DTC (or a successor securities depository). Under such circumstances, the Bonds will be delivered as provided in the respective Indentures, and registered in accordance with the instructions of the purchasers, and the following requirements of the Indentures will apply. Interest on the 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 Bonds having a principal amount of $1,000,000 or more made at least five business days prior to the applicable payment date, by wire transfer from the Trustee to the registered owner thereof. The principal of and redemption premium, if any, on the Bonds are payable at the principal office of the Trustee, or its successor, upon presentation of any Bonds of a Series on or after the date of maturity or redemption. Each exchange or transfer of any 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.

SECURITY AND SOURCES OF PAYMENT

General

The Series A Bonds are equally and ratably secured by the pledge and assignment of, and a security interest in the related Trust Estate, which includes the following:

(a) all of the Administration's right, title and interest in the Escrow Agreement, including (without limitation) any and all funds on deposit in the Escrow Fund and Series A Project Fund and invested in the Investment Agreement;

(b) all moneys which are at any time or from time to time on deposit in any fund or account created under the Series A Indenture, other than amounts held in the related Rebate Fund or required to be rebated to the United States pursuant to §148(f) of the 1986 Code;

(c) the Revenues of the Administration from the Series A Loan;

(d) all of the Administration's right, title and interest in and to and remedies under the Series A Loan Documents (which term includes the Series A Note, the Series A Deed of Trust and the Regulatory Agreement), including (without limitation) any and all security referred to therein; and

(e) all right, title and interest in and to and remedies with respect to any and all other property of every description and nature from time to time by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security for the Series A Bonds, by the Administration or by anyone on its behalf or with its written consent, to the Trustee.

The Series B Bonds are equally and ratably secured by the pledge and assignment of, and a security interest in the related Trust Estate, which includes the following:

(a) all of the Administration's right, title and interest in the Letter of Credit;

(b) all moneys which are at any time or from time to time on deposit in any fund or account created under the Series B Indenture, other than amounts held in the related Rebate Fund or required to be rebated to the United States pursuant to §148(f) of the 1986 Code;

(c) the Revenues of the Administration from the Series B Loan;

(d) subject to the terms of the Conditional Assignment, all of the Administration's right, title and interest in and to and remedies under the Series B Loan Documents (which term includes the Series B Note, the Series B Deed of Trust and the Regulatory Agreement), including (without limitation) any and all security referred to therein; and

(e) all right, title and interest in and to and remedies with respect to any and all other property of every description and nature from time to time by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security for the Series B Bonds, by the Administration or by anyone on its behalf or with its written consent, to the Trustee.

Excluded from the Trust Estates for each Series of Bonds are the Reserved Rights of the Administration and amounts held in the related Rebate Fund. The Trust Estate for each Series of Bonds shall be held for the equal and proportionate benefit, security and protection of all holders from time to time of such Series of Bonds issued under and secured by the applicable Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds of a Series over any of the others of the Bonds of such Series. For further information regarding the Series A Indenture and rights of Bondholders thereunder, see APPENDIX B-1 — "SUMMARY OF SERIES A INDENTURE AND ESCROW AGREEMENT." For further information regarding the Series B Indenture and rights of Bondholders thereunder, see APPENDIX B-2 — "SUMMARY OF SERIES B INDENTURE."

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

Escrow Agreement

The Housing Authority, the Borrower, the Administration and the Escrow Agent will enter into the Escrow Agreement. HUD has approved the terms of the Escrow Agreement. All moneys held by the Escrow Agent under the terms of the Escrow Agreement are held for the benefit of the owners of the Series A Bonds pursuant to a pledge and assignment of such funds, and a security interest therein. Upon maturity of the Series A Bonds, redemption of the Series A Bonds prior to maturity, or the occurrence of an event of default under the Indenture and acceleration of maturity of the Series A Bonds, the Escrow Agent is authorized to apply all moneys held under the Escrow Agreement to the payment of such Series A Bonds.

For a description of the provisions for the funding of the Escrow Agreement, see "APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING - Plan of Financing" herein. For a summary of the provisions of the Escrow Agreement, see APPENDIX B-1 — "SUMMARY OF SERIES A INDENTURE AND ESCROW AGREEMENT."

Letter of Credit

As additional security for the Series B Bonds, the Trustee will hold an irrevocable direct pay Letter of Credit in an amount equal to the aggregate of the principal amount of the Series B Bonds and 190 days of interest thereon (plus the semiannual fees of the Trustee and the Administration), issued by the Letter of Credit Provider and expiring on June 25, 2007, unless otherwise terminated or extended. The Letter of Credit Provider is obligated, pursuant to the Letter of Credit Agreement, provided (i) no material event of default under the Letter of Credit Agreement shall have occurred and be continuing; (ii) the Project is, in the reasonable opinion of the Letter of Credit Provider, in good repair and condition; (iii) all reserves for the Project required by the Letter of Credit Agreement and the Financing Documents are fully funded; and (iv) no event of default shall have occurred and be continuing under the Financing Documents, to renew the Letter of Credit (A) for a period of five years commencing on June 25, 2007, (B) for a second period of five years commencing on June 25, 2012, and (C) for a third period ending on May 1, 2020, in each case by providing to the Trustee, not less than 120 days prior to the stated expiration date of the Letter of Credit, an amendment to the Letter of Credit effecting such renewal on the stated expiration date.

Material events of default under the Letter of Credit Agreement include, but are not limited to (a) failure to pay amounts due to the Letter of Credit Provider under the Letter of Credit Agreement, (b) failure to maintain required insurance, (c) sale of the Borrower's assets other than in the normal course of business, (d) failure to pay obligations under certain hedging agreements, (e) a bankruptcy filing by the Borrower or a bankruptcy filing against the Borrower which is not dismissed within 120 days, (f) sale of the Project or interests in the Borrower without the consent of the Letter of Credit Provider, (g) condemnation of a material portion of the Project, and (h) any termination or attempt to terminate certain guarantees given in favor of the Letter of Credit Provider.

The Series B Indenture gives the Borrower the right to substitute another Letter of Credit by a different Letter of Credit Provider provided that such substitution will not adversely affect the rating and the tax exemption of the Series B Bonds, and certain other requirements are met.

The Trustee is instructed under the Series B Indenture to draw on the Letter of Credit to pay amounts due holders of the Series B Bonds (1) on each Interest Payment Date, in the amount of interest due in the Bonds, and (2) at maturity, or upon redemption of a principal amount of Series B Bonds prior to maturity, in the amount then due.

Investment Agreement

Moneys held in the Series A Project Fund, in the Escrow Fund under the Escrow Agreement, and in the Series B Project Fund under the Series B Indenture will be invested pursuant to an Investment Repurchase Agreement (the "Investment Repurchase Agreement") among the Trustee, Wells Fargo Bank Minnesota, National Association, and Bayerische Landesbank Girozentrale (the "Investment Provider"), dated as of June

25, 2002, or another qualified Investment Agreement. The Investment Provider is currently rated "Aaa" by the Rating Agency. The Investment Repurchase Agreement requires that the Investment Provider pledge collateral in the form of Government Obligations and/or Agency Obligations in an amount equal to 102% of the principal and accrued interest under the Investment Agreement. The collateral which has been pledged will be valued at least monthly.

The Investment Agreement will evidence the obligation of the Investment Provider to provide repayment of amounts invested for each Series of Bonds to the Trustee, and in the case of the Escrow Fund, the Escrow Agent, and to pay interest thereon at a rate of 3.53% per annum. Amounts held pursuant to the Investment Agreement together with certain deposits made by the Borrower at Bond Closing are expected to be sufficient to make payments due under the Series A Loan Documents in amounts sufficient to pay the principal of and interest on the Series A Bonds when due.

For a description of the requirements for the Investment Agreement, see APPENDIX B-1 "SUMMARY OF SERIES A INDENTURE AND ESCROW AGREEMENT" and APPENDIX B-2 "SUMMARY OF SERIES B INDENTURE" herein.

For a description of the Investment Provider, see APPENDIX E - "INVESTMENT PROVIDER" hereto.

Loan Documents

It is expected that the source of funds for payment of principal of the Series A Loan and the Series A Bonds will be the moneys on deposit in the Escrow Fund and Series A Project Fund, and that the source of funds for payment of interest on the Series A Bonds will be earnings under the Investment Agreement. However, in the event there is for any reason (i) insufficient moneys in the Escrow Fund and/or Series A Project Fund to pay principal on the Series A Bonds or (ii) insufficient earnings under the Investment Agreement to pay interest on the Series A Bonds, the Borrower is obligated to make such payment pursuant to the Series A Loan Documents. For additional information concerning the Series A Loan and other sources of funding for the Project, see "APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING - Plan of Financing" herein. For a summary of certain provisions of the Escrow Agreement, see APPENDIX B-1 "SUMMARY OF SERIES A INDENTURE AND ESCROW AGREEMENT."

It is expected that the source of funds for payment of interest on the Series B Bonds will be drawn on the Letter of Credit. In the event there is for any reason insufficient moneys to pay principal and interest when due on the Series B Bonds, the Borrower is obligated to make such payment pursuant to the Series B Loan Documents. For additional information concerning the Series B Loan and other sources of funding for the Project, see "APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING - Plan of Financing" herein.

For a summary of the provisions of certain of the Loan Documents, see APPENDIX B-3 - "SUMMARY OF INTERCREDITOR AGREEMENT, BUILDING LOAN AGREEMENT AND DEEDS OF TRUST."

Limited Obligation of Administration

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

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

APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING

Application of Bond Proceeds

The proceeds of the sale of each Series of Bonds (exclusive of accrued interest, which will be deposited in the Bond Fund created under the applicable Indenture) will be deposited into the Project Fund created under the respective Indenture and applied to finance the applicable Loan. The Bonds have costs of issuance in the amount of approximately $552,761, including an Underwriters' fee in the amount of $119,836. Costs of issuance and the Underwriters' fees will be paid by the Borrower, including from funds to be provided to the Borrower by the Department through its Partnership Rental Housing Program (the "PRHP Loan"). Additional sources of funding for the Project and uses of proceeds of the Bonds are described below.

Plan of Financing

The proceeds of the Bonds are not expected to be sufficient to pay all of the costs of constructing and equipping the Project. The following table sets forth the sources and uses related to the Bond proceeds:

Sources of Funds	
Series A Bond Proceeds	$ 8,100,000
Series B Bond Proceeds	$ 5,045,000
Borrower Funds and Other Loan Sources*	$ 552,761
Total	$13,697,761
Uses of Funds**	
Deposit to Series A Project Fund	$ 8,100,000
Deposit to Series B Project Fund	$ 5,045,000
Costs of Issuance***	$ 552,761
Total	$13,697,761

* Amounts to be loaned to the Borrower from other sources are described below.

** Amounts in the Series A and Series B Project Funds will be applied to pay construction and related costs and fees that are eligible for payment from Bond proceeds in accordance with the requirements of the Code for eligible basis costs and qualified project costs.

*** Includes Trustee's fees, Administration's fees, Bond Counsel's fees and Underwriters' fees and expenses.

Construction and Permanent Financing. Construction of the Project will be financed with (i) the proceeds of the Bonds (except that such Bond proceeds shall not be used to finance the Community Center), (ii) a loan from the Department through the PRHP Loan in the expected amount of $7,140,000, (iii) proceeds of a loan from the Mayor and City of Baltimore from amounts made available to the City under HUD's

HOME Program (the "City Loan") in the expected amount of $2,100,000, (iv) proceeds of a loan made to the Borrower by the Housing Authority from funds made available through the Federal Home Loan Bank of Atlanta's Affordable Housing Program (the "AHP Loan") in the expected amount of $500,000, and (v) certain capital contributions of the Investor Limited Partner (defined below) of the Borrower. In addition, the Housing Authority has extended a line of credit to the Borrower for construction cost overruns, operating deficits, operating reserves and certain other costs, in an amount up to a maximum of $3,000,000 outstanding (the "Line of Credit").

The proceeds of the Bonds and the PRHP Loan will be lent to the Borrower for the purpose of paying the costs of constructing the Project (except that Bond proceeds shall not be used to finance the construction of the Community Center) pursuant to a Building Loan Agreement among the Borrower, the Department and the Administration (the "Loan Agreement"). Under the Partnership Rental Housing Program, the Department is authorized to finance rental housing owned by partnerships that include local governments which will be occupied by lower income households. The Partnership Rental Housing Program is funded by the State from the proceeds of certain general obligation bonds or moneys otherwise made available to the program by the State.

Additional permanent financing for the Project following completion of construction will be provided in part by the HABC Loan, which is funded with grants made available by HUD under the HOPE VI Program in the aggregate amount of $8,100,000 together with an amount equal to the interest accrued in the Escrow Account (as defined below) pursuant to the Escrow Agreement (as defined below), to the extent such interest is actually used to repay the principal amount of or interest accruing on the Series A Bond, and which will be deposited into the Escrow Fund for the Series A Bonds and deemed to be advanced to the Borrower when used to pay debt service on the Series A Bonds.

Disbursement Procedures. The Administration, the Letter of Credit Provider and the Housing Authority will each review and approve requests for construction draws from the Borrower under the terms of the Intercreditor Agreement, dated as of June 1, 2002, among the Administration, the Borrower, the Department, the Housing Authority, SunTrust Community Development Corporation, Mid-Atlantic ("SunTrust CDC"), as the investor limited partner of the Borrower, the Mayor and City Council of Baltimore (collectively, the "City"), and the Letter of Credit Provider (the "Intercreditor Agreement"). Upon approval of each construction draw request by the Administration, the Letter of Credit Provider, the City and the Housing Authority relating to the Series A Loan, the Housing Authority will obtain the HOPE VI Funds from HUD in an amount equal to the amount approved for disbursement by the Administration with respect to the Bonds. On the designated Construction Draw Date, the Housing Authority will deposit the HOPE VI Funds received from HUD to the Escrow Fund. Upon receipt of such funds by the Escrow Agent, the Trustee will disburse from the Series A Project Fund an equal amount of proceeds of the Series A Bonds to the Borrower for payment of the construction costs of the rental housing units of the Project. It is anticipated that at all times the aggregate of the amounts held in the Series A Project Fund and the Escrow Fund will equal the outstanding principal amount of the Series A Bonds. Draws on the Series B Project Fund are expected to be made in accordance with a draw schedule approved by the Administration and the Letter of Credit Provider and attached to the Loan Agreement after amounts in the Series A Project Fund have been exhausted. The Borrower and the Investor Limited Partner must execute each draw request. Should any of the creditors that are parties to the Intercreditor Agreement refuse or be unable to fund its share of a construction draw request, none of the other creditors or the Investor Limited Partner shall be obligated to fund a draw request with respect to its loan.

Pay-off of Construction Financing. Upon completion of construction, the proceeds of the HABC Loan deposited into the Escrow Fund will be available to pay, and are expected to be used to pay, principal of the Series A Bonds at their maturity, thus providing a portion of the permanent financing for the Project. Upon payment of the Series A Bonds, whether at or prior to maturity, the Series A Deed of Trust on the Project will be released of record and the Housing Authority will become a permanent lender for the Project with respect to the HABC Loan under a fourth priority Deed of Trust, subject to the Series B Deed of Trust, the Deed of Trust given by the Borrower to secure the Letter of Credit Bank and the Deed of Trust given by the Borrower in favor of the Housing Authority to secure the Line of Credit. The Series B Bonds will be paid at maturity (or earlier redemption) from a draw on the Letter of Credit. The Letter of Credit Provider expects to be repaid in part from equity funds of the Borrower made available from the sale of low income housing tax credits on the Project, with the remainder to be paid from Revenues of the Project.

THE PROJECT

General

The Project consists of 132 rental housing units and a community center (the "Community Center"). The Project is part of a new planned community to be known as Broadway Homes featuring a mix of housing types for low- and moderate-income residents, including the 132 rental housing units (the "Rental Component") and the Community Center that comprise the Project, plus 29 market-rate for-sale units and five for-sale units that are anticipated to be provided to low-income former public housing residents (the "For-Sale Component"). The For-Sale Component is not a part of the Project.

Of the 132 rental units, 84 will be public housing replacement units that also qualify for the Maryland Partnership Rental Housing Program and are eligible for low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code. Forty-two (42) units will be set aside for families at or below 30% of the area median income and forty-two (42) will be set aside for families between 31% and 50% of the statewide median income. The balance (48) will be unrestricted market-rate rental units.

The 132 rental units will be located in: (i) a building previously used as a church affiliated hospital built in 1847; (ii) a newly constructed annex to the hospital building; (iii) an apartment building at the corner of Broadway and Fayette; and (iv) newly constructed townhouses, some of which contain more than one unit ("stacked flats"). The one and two bedroom rental units in the historic hospital building will range in size from 680 to 2,372 square feet. The annex will contain one and two bedroom units that will be from 700 to 1,350 square feet. The apartment building at the corner of Broadway and Fayette will have one and two bedroom units that will vary in size from 760 and 940 square feet respectively. The stacked flats, which are located at the ends of the townhouse rows, will be available in one, two and three bedroom varieties ranging in size from 688 to 1,434 square feet. The townhouses will have either three or four bedrooms and range from approximately 1,440 to 1,669 square feet.

The Community Center will be an 8,500 square-foot building that will house a number of programs that are central to the HOPE VI mission, including family self-sufficiency programs, education, child care, day care, and cultural arts. In addition, the community center will house the property management and leasing offices, an office for the Broadway Resident Council, and offices of other non-profit organizations.

Below is a matrix depicting the unit distribution by building type, bedroom size, income restriction and tenure for the Rental Component.

Building	ACC Rental				Market Rental				Totals
	1br	2br	3br	4br	1br	2br	3br	4br	
Historic	0	0	0	0	5	13	0	0	18
Annex	12	9	0	0	8	9	0	0	38
Apartments	4	4	0	0	2	8	0	0	18
Townhouses	4	2	39	10	0	0	3	0	58
Total	20	15	39	10	15	30	3	0	132

Funding for the Homeownership units has not yet been committed, but is expected to become available after Bond Closing.

The Deeds of Trust will be secured only by the Rental Component and the Community Center.

Income Limits

During the term of the Bonds and thereafter, tenants of the Project will be subject to certain income limitations, described briefly below. Such income limits are established under both federal and state law, depending upon specific legal or program requirements. In certain instances, such income limits may overlap or apply to the same units. Where more than one limit may apply, the most restrictive requirement will apply. The income limitation requirements are not necessarily coterminous.

- *Public Housing Program Requirements.* Pursuant to §3 of the United States Housing Act of 1937, the units in the Project must be occupied by families whose incomes do not exceed 80% of the median income for the area, as determined by the Secretary of HUD with adjustments for smaller and larger families. The Secretary of HUD may establish income ceilings higher or lower than 80% of the median income for the area on the basis of the HUD Secretary's findings that such variations are necessary because of prevailing levels of construction costs of unusually high or low family incomes.

- *Internal Revenue Code §142(d) and Section 42 Tax Credit Requirements.* For income and occupancy requirements under Section 142(d) of the Code, see "TAX MATTERS - Low-Income and Set Aside Requirements Under The Code." The income and occupancy requirements applicable to the Project under Section 42 of the Code relating to low-income housing tax credits are similar to the requirements under Section 142(d) of the Code. The Borrower has also covenanted that during the compliance period (the period through which the Project must comply with requirements of Section 42 of the Code) that it will lease 40% of the units in the Project to tenants whose income at initial occupancy does not exceed 60% of median income for the area, as adjusted for family size. Failure to comply with the requirements of §142(d) of the Code could result in interest on the Bonds becoming subject to federal income taxes retroactively.

- *Partnership Rental Housing Program Requirements.* Pursuant to the requirements of the PRHP Loan, 100% of the rental units financed with Partnership Rental Housing Program funds must be rented to households whose gross annual income does not exceed 50% of the statewide median income for a household of like size.

- *City Loan*. The City Loan is funded through a grant of funds to the Mayor and City Council of Baltimore, Maryland through HUD's Home Investor Partnerships ("HOME") program. Under this program 20% of the units in the Project must be set aside for families with incomes at 50% of the area median income and the remaining 80% of the units must be set aside for families with incomes at or below 80% of area median income.

- *AHP Loan*. The AHP Loan is funded through a loan of funds to the Housing Authority from the Federal Home Loan Bank of Atlanta's Affordable Housing Program. Under this program 84 of the units must be rented to families with incomes at or below 50% of the area median income.

THE BORROWER AND THE DEVELOPMENT TEAM

Ownership. Broadway II, LP (the "Partnership") will develop, pursuant to a 55-year ground lease between the Partnership and the Housing Authority, the rental housing component and oversee the management of the rental units in accordance with the United States Housing Act of 1937, as amended, Section 42 of the Code and the Partnership Rental Housing Program of the Department. The managing general partner of the Partnership is Landex of Maryland, Incorporated ("Landex") which holds a .005% general partner interest. HABC Broadway Housing Corporation ("HABC Broadway"), an affiliate of the Housing Authority, will be a general partner of the Partnership with a .005% general partner interest. The limited partner of the Partnership, which will own 99.99% of the interests in the Partnership, is SunTrust CDC (the "Investor Limited Partner").

The Investor Limited Partner lends and invests in community development activities involving low and moderate income families and areas within the Investor Limited Partner's assessment areas. The Investor Limited Partner employs five community development professionals and two administrators with over fifty years of combined experience. The Investor Limited Partner's loan portfolio totals approximately $60,000,000 and its tax credit investment portfolio totals approximately $55,000,000.

Landex is a real estate development company founded in 1983. For the past eighteen years Landex has specialized in rebuilding and transforming physically and financially troubled, government-assisted housing in urban neighborhoods into traditional mixed-income, mixed-financed and mixed tenured housing communities for very low, low, moderate-income and market-rate households.

Landex has developed and currently manages a portfolio of more than 3,000 units of housing using funding sources such as HOPE VI, Low Income Housing Tax Credits, HOME Investment Partnership Funds, CDBG allocations, Section 108 Loan Guarantees, Federal Home Loan Bank Affordable Housing and CIP Fund, various state agency and municipal funds, Section 8, Section 9, Fannie Mae Partnership Funds, and many sources of credit-enhancement for tax-exempt bonds. Landex also has been the recipient of several large, competitive Affordable Housing Program funding awards from the Federal Home Loan Bank.

Management of the Project. Landex Management Corporation ("LMC"), a Rhode Island corporation, will be the property manager for the Rental Component and the common areas for both the Rental Component and the For-Sale Component. LMC, the management affiliate of Landex, was founded in 1990. LMC currently manages more than 2700 housing units in 20 properties. LMC employs a staff of over 120 people for its current operations.

General Contractor. Struever Bros. Eccles & Rouse, Inc. ("SBER") will be the general contractor for the Project. SBER operates as a general contractor and design/build contractor offering pre-construction expertise and onsite construction ability. Founded in 1974, SBER is not affiliated with the Borrower. SBER had 2001 revenues in excess of $88,000,000.

THE ADMINISTRATION

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

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

General Information

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

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

The Division of Development Finance is the lending and bond issuing division of the Department, originating loans under the Department's various lending programs and providing loan underwriting services to the Department and its other divisions and agencies. The Administration is an agency within the Division of Development Finance. The Administration pays all costs and expenses of operating its programs from earnings received from its programs financed by bond resolutions and other bond indentures of the Administration in excess of the amounts required to pay principal of and interest on its bonds and notes.

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

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

Limited Involvement of the Administration

The Administration has not prepared or reviewed the information set forth in the following sections of this Official Statement: "Application of Bond Proceeds; Plan of Financing," "The Project," "The Borrower and the Development Team," "Housing Authority of Baltimore City," and "Litigation - Housing Authority," "Litigation- Borrower" and neither the Administration nor any of its officers, officials, employees or agents shall have any responsibility for the contents of these portions of this Official Statement. The Administration has no obligation to review, control or oversee the activities of the Housing Authority, the Trustee, the Escrow Agent or the Borrower or the compliance by any of them with any covenants or provisions of any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the Bonds (except as to the Administration) to the extent provided in the Indentures. The Borrower has entered into a Continuing Disclosure Agreement with the Trustee (the "Continuing Disclosure Agreement") and has covenanted therein to provide updates of the information in the Official Statement contained in the sections captioned "Application of Bond Proceeds; Plan of Financing," "The Project," "The Borrower and the Development Team" and "Litigation - Borrower." The Administration has no obligation to review, oversee, monitor compliance with or enforce any provisions of the Continuing Disclosure Agreement.

HOUSING AUTHORITY OF BALTIMORE CITY

The Housing Authority is a public body corporate and politic, and exercises public and essential governmental functions, pursuant to Article 44A §§1-101 et seq. and §§3-101 et seq., of the Annotated Code of Maryland.

General Information

The Baltimore City Council established the Housing Authority in 1937 to build affordable and decent homes, and to eliminate certain "slum" areas in Baltimore City. The principal office of the Housing Authority is located at 417 East Fayette Street, 13th Floor, Baltimore, Maryland 21202.

The powers of the Housing Authority are vested in the Commissioners of the Housing Authority, who are appointed by the Mayor of Baltimore City. The following persons currently comprise the Board of Commissioners of the Housing Authority:

Name	Date Appointed	Term Expires
Johnny Magwood (Acting Chairman)	06/27/2000	12/31/2006
Dr. Alfred C.D. Vaughn	10/17/1995	12/31/2005
Anna Warren	10/27/1999	12/31/2003
Thomas J. D'Alesandro, III	03/07/2001	12/31/2004

The Housing Authority is engaged in the work of addressing the critical shortage of decent, safe and sanitary dwelling accommodations available for rent or purchase by persons of limited income. To that end, the Housing Authority is empowered, among other things, to develop housing and related facilities for such persons.

The 1950's saw the birth of six new public housing high-rise developments in Baltimore, followed by the development and acquisition of other high-rise buildings during the 1960's and 1970's, including the former Broadway Homes development, which is across from the site where the new Broadway Homes Community will be built. Initially these were attractive communities of choice for families. Originally planned as short term aid for low-income families, Baltimore's public housing evolved into a more permanent base for many facing the long-term challenges of inadequate vocational and career preparation, chronic unemployment, lack of higher education, illness, disability and aging. The ensuing decades saw the gradual decline of the high-rise developments as a number of problems became evident, from obsolete design and decaying infrastructure to escalating incidents of crime.

As a result of the work of a Commission on High Rise Public Housing initiated by Baltimore City government, a proposal to address these types of issues was developed. The proposal was submitted to HUD by the Housing Authority under HUD's HOPE VI Program. A major goal of the HOPE VI Program is the revitalization of severely distressed public housing. The Housing Authority's revitalization proposal highlighted the following: (a) reducing density through demolition and the construction of buildings especially designed to strengthen family life and community spirit; (b) a totally revamped management plan for the facilities with a new and significant partnership between residents and a private management company; (c) a significant expansion of educational and job training efforts with the necessary supportive services to enable families to develop skills and secure jobs leading to an earned income adequate to support the household; (d) a structured program for developing a civic spirit and providing community service in the neighborhood; and (e) strengthening family and social bonds through an aggressive community social service and economic development program.

The Broadway Homes Community is one of six HOPE VI funded projects for public housing redevelopment in the City of Baltimore.

The HUD Office of Inspector General conducted an audit of the Housing Authority's Section 8 program and issued an audit report on March 28, 2001, which concluded that the Housing Authority was in substantial default of its Section 8 Consolidated Annual Contributions Contract with HUD, and that the Section 8 program had system deficiencies and was mismanaged. The then-newly appointed Executive Director, Paul T. Graziano, advised HUD that he agreed with HUD’s conclusions and immediately developed a far-reaching corrective plan of action. The Housing Authority has been working with HUD to implement the corrective action plan and has made significant progress in correcting the audit findings.

The Housing Authority's Hope VI funded projects are separate and distinct from its Section 8 program, and any deficiencies regarding the Section 8 program not heretofore remedied under the Housing Authority's corrective action plan, would have no effect on the security for and sources of payment of the Bonds.

Principal Executive Officers

Certain principal executive officers of the Housing Authority are briefly described below.

Paul T. Graziano has, since November 2000, held the dual post of Executive Director of the Housing Authority of Baltimore City and Commissioner of the Baltimore City Department of Housing and Community

Development ("HCD"). In both capacities, Mr. Graziano is responsible for coordinating all aspects of the City's housing and development activities and programs, including management of public housing, and directing a combined Housing Authority and HCD staff of more than 2,100. Mr. Graziano also serves as a member of the Mayor's Cabinet, Chairman of the Board of the Baltimore Community Development Financing Corporation, and board member of the Baltimore Development Corporation and the Downtown Partnership. Mr. Graziano's work experiences include nearly three decades in federal housing program management in numerous capacities, including a six-year term as General Manager of the New York City Housing Authority. As General Manager of the New York City Housing Authority, Mr. Graziano was responsible for management of a public housing agency with a combined housing stock of over 250,000 public housing and Section 8 units, a staff of 10,000, and a combined development and operation budget of $750 million. Mr. Graziano also served as Executive Director of Manchester (New Hampshire) Housing and Redevelopment Authority, and in high level management positions with the Boston Housing Authority and Watertown (Massachusetts) Housing Authority. Mr. Graziano received a Bachelor of Science degree and Master of City Planning in 1976 from the Massachusetts Institute of Technology.

Otis Rolley, III has served as First Deputy Commissioner for the Housing Authority and HCD since December 2001. As First Deputy Commissioner, Mr. Rolley manages eight divisions, a $200 million operating budget, and the agencies' combined staff of approximately 2,100 employees. In this capacity, Mr. Rolley oversees both agencies' administrative operations, housing programs, community and human service activities, grants administration, strategic planning, contracts, human resources, information technology, and other agency services. Prior to his current position, Mr. Rolley served as an Assistant Commissioner of Operations for HCD and HCD Deputy Commissioner. Mr. Rolley joined Baltimore City government in 1998 after serving as a Business Development Officer with Empower Baltimore Management Corporation, and as a consultant to the Township of Wilmington, Massachusetts. Mr. Rolley holds a B.A. in Political Science and Africana Studies from Rutgers University and a Masters in City Planning from the Massachusetts Institute of Technology with a concentration in Housing and Community Economic Development.

Lyle Schumann was appointed Deputy Executive Director of the Housing Authority in January 2002 after an extensive nationwide search. Mr. Schumann serves as the Chief Operations Officer for the Housing Authority, responsible for the daily operations of the Housing Authority and its 1,500 employees and an annual budget of $200 million. Mr. Schumann comes to the Housing Authority from Minnesota, after serving for the past two years as Area Service Manager for Johnson Controls, Inc. and managing energy performance contract guarantees worth more than $80 million for all of Minnesota and North and South Dakota. In addition to his private sector experience, Mr. Schumann was the Director of the Public Housing Division of HUD in Minnesota, responsible for overseeing eighty-two public housing authorities throughout western Michigan. Mr. Schumann has also served as the Supervisor of the Development and Modernization Department for the Minneapolis Public Housing Authority, as well as its Director of Operations, and its Deputy Executive Director. Mr. Schumann holds a B.A. degree in Finance and Economics, and professional memberships with the National Association of Housing Redevelopment Organizations (NAHRO) and the Council for Large Public Housing Authorities.

Edward G. Landon serves as Associate Deputy Director for Construction and Development. With over seventeen years of service to Housing Authority, Mr. Landon, together with an executive level development advisor, is currently primarily responsible for the program management and implementation of the HOPE VI Program designed to rebuild the Housing Authority's distressed public housing sites. Prior to holding this position, Mr. Landon served as Director of the Housing Authority's Division of Engineering and Capital Improvement and was responsible for capital improvement projects of the Housing Authority for over seven years. Mr. Landon received a Bachelor of Science degree in Civil Engineering from the University of Baltimore in 1975 and a Masters in Business Administration from the University of Maryland in 1984.

Rainbow Lin has served as the Chief Financial Officer of the Housing Authority and HCD since January 2002. As the Chief Financial Officer, Ms. Lin is responsible for all finance and accounting operations, budgeting, procurement and cash management of the Housing Authority and HCD. Ms. Lin is a Certified Public Accountant with almost eighteen years of work experience in the finance and accounting fields, including twelve years of public housing experience. Prior to joining the Housing Authority, Ms. Lin served for five years as the Director of Finance at the D.C. Housing Authority in Washington, D.C., and two years as the Chief Financial Officer at the Housing Authority of the City of Pittsburgh. Ms. Lin has been credited with reorganizing and turning around the finance departments of those agencies and helping to remove agencies from the HUD-designated "troubled" status. Ms. Lin holds a B.A. in business administration from Washington State University and a Master of Accounting from the University of Alabama Birmingham.

In addition to those key offices, the Housing Authority also employs an Associate Executive Director in charge of Fair Housing and Equal Opportunity Enforcement.

FACTORS AFFECTING PAYMENT OF OR SECURITY FOR THE BONDS

The following is a description of certain general factors that may affect the Project or the ability of the Borrower to meet debt service requirements on the Loans.

Investment Agreement. Moneys in the respective Project Fund for each Series of Bonds and the Escrow Fund will be invested pursuant to the Investment Agreement. The Investment Agreement will evidence the obligation of the Investment Provider to provide repayment to the Trustee and the Escrow Agent of such moneys for use in accordance with the Indentures and the Escrow Agreement and to pay interest thereon at certain specified rates. A failure to invest such amounts at such rates on a timely basis or to receive a return of principal so invested will adversely affect the ability to make the required payments of the principal and interest on the Bonds.

Escrow of HABC Loan Proceeds; Disbursement of Loan Proceeds. As described under the heading "APPLICATION OF BOND PROCEEDS; PLAN OF FINANCING - Plan of Financing" above, proceeds of the HABC Loan will be disbursed for the benefit of the Borrower and deposited into the Escrow Fund as a condition precedent to the disbursement of Series A Bond proceeds in an equal amount. No disbursement of HABC Loan proceeds will occur until both the Housing Authority and the Administration have approved the Borrower's request for payment of construction costs for the Project. In order to draw funds from HUD which will be used to make disbursements on the HABC Loan to the Borrower, the Housing Authority will be required to satisfy the conditions set forth in its agreement with HUD governing the disbursement of HOPE VI Funds for the Project. Failure of the Housing Authority to satisfy such conditions could result in HUD suspending payments until the conditions have been satisfied which, in turn, could result in the inability of the Borrower to pay the costs of completing the Project. However, such a failure to complete the Project would not affect the security for the Bonds or cause a default on the Bonds.

In addition to proceeds of the Bonds and the HABC Loan from the Housing Authority, certain costs of the Project will be financed by the five other financing sources identified herein. Any failure of the Borrower to comply with any conditions on the disbursement of funds from these other sources, including conditions for the advance of equity funds from the Investor Limited Partner, could result in a failure to complete or a delay of completion the Project and an early redemption of the Bonds.

Value of Project. The Project will not generate any revenues during the construction period. Because of long-term tenant income limits imposed by HUD and the Department in connection with the financing of the Project, HUD requirements that public housing units in the Project be available for use by eligible low-income families and maintained and operated in accordance with public housing requirements, and the requirement of the Housing Authority that certain units in the Project satisfy all applicable public housing requirements, no assurance can be given as to the value of the Project if it should become necessary to foreclose on the Project. See "THE PROJECT - Income Limits" herein.

Failure to Construct Homeownership Units. Thirty-four (34) homeownership units funded in part by a HOPE VI grant are expected to be built on lots within the larger Broadway Homes Community. It is expected that the remainder of the financing for the development of the For-Sale Component will be available within the next few months. Failure to receive financing for and to build the For-Sale Component may cause the Project to fail to attract tenants at rents sufficient to avoid default under the Series B Loan after the construction period and a subsequent early redemption of the Series B Bonds.

Non-Recourse Loans. The Loans are expected to be made without recourse to the Borrower or its partners. Neither the Borrower nor its partners is personally liable for payments on the Notes evidencing the Loans. The Administration's recourse is limited to its liens on the Project.

Exercise of Legal Remedies. The ability of the Administration to enforce its rights or exercise its remedies upon default under a Loan is dependent upon regulatory 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 applicable Loan Documents may not be readily available or may be limited.

Bankruptcy. If the Borrower were to file a petition for relief under Chapter 11 of the Federal Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Borrower and its property and as an automatic stay of any act or proceeding to enforce a lien on its property. If the bankruptcy court so ordered, the Borrower's property could be used for the benefit of the Borrower despite the security interest of the Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the Borrower could file a plan for the adjustment of its debts that modified the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors.

Under appropriate circumstances, the bankruptcy court could accelerate the payment of the Loans, notwithstanding any provisions in the Loan Documents prohibiting prepayment before certain dates or requiring payment of a prepayment premium which could cause the Bonds to become subject to redemption at a price of par plus accrued interest at any time.

A bankruptcy of the Borrower does not affect the Letter of Credit Provider's obligation to honor draws on the Letter of Credit or the availability of funds held in the Series A Project Fund to pay amounts due on the Series A Bonds.

Letter of Credit. No assurance can be given that the Letter of Credit Provider will be able to satisfy its obligations to pay principal of and interest on the Series B Bonds when due. A downgrade of the rating of the Letter of Credit Provider could result in an early redemption of the Bonds. See "THE BONDS - Redemption" herein.

Loss of Tax Exemption. In the event the interest on the Bonds were declared taxable by the Internal Revenue Service or legislation or regulations are adopted or there is a final determination by a judicial or administrative authority requiring interest on the Bonds to be included in the recipient's gross income for federal income tax purposes, the interest rate on the Bonds will remain unchanged. Neither the Bonds nor the Indentures provide for an adjustment of the interest rate or for mandatory redemption of the Bonds in the event that the interest on the Bonds is declared taxable. Under such circumstances, Bondholders would continue to receive principal and interest as and when due, but would be required to include payments of interest in gross income for federal income tax purposes. Bondholders might be required to hold such Bonds bearing taxable interest until maturity. Neither the Administration nor the Borrower is liable for payment of additional interest if interest on the Bonds is declared taxable.

TAX MATTERS

Federal Tax Exemption

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

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

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

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and will remain excluded from gross income for Federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, low-income occupancy targeting, yield and other restrictions on investments of proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for Federal income tax purposes retroactive to their issue date, regardless of the date on which such noncompliance occurs or is discovered. The Administration has covenanted in the Indentures that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for Federal income tax purposes. The Administration will deliver its Tax Certificate concurrently with the issuance of the Bonds which will contain provisions relating to compliance with the requirements of the Code. The Administration also will require the Borrowers to make certain covenants in the Bond Mortgage Loan Documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Administration or the owners of the Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Bonds for Federal income tax purposes. Furthermore, such Federal tax compliance covenants will be subordinate to the rights of the Housing Authority and HUD under the Declaration.

Low-income Set-aside Requirements under the Code

The Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code, which are briefly described in this subsection.

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

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and certain foreign corporations), financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

Possible Government Action

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

LITIGATION

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

Housing Authority. On January 31, 1995, the American Civil Liberties Union (the "ACLU") filed suit against the Mayor and City Council of Baltimore, the Housing Authority and its Executive Director, and HUD and its Secretary (collectively, the "Defendants"). The suit was brought on behalf of African American families living in Baltimore's family public housing developments (the "Plaintiffs") and alleged that the Defendants discriminated against the Plaintiffs with respect to family public housing in violation of fair housing laws and the U.S. Constitution.

In May of 1996, the parties signed a Partial Consent Decree (the "Decree") that settled a portion of the lawsuit. The Decree also provided funding for two new housing programs, a special certificate mobility program and a homeownership demonstration program, which are to be developed by the parties. After a class fairness hearing, the Court approved the Decree on June 25, 1996.

The Decree dictates the sources of funding for the mobility and homeownership demonstration programs and certain of the replacement units under the Decree.

The parties to the Decree have executed a stipulation and order which was entered by the federal district court on April 5, 2002. Pursuant to the stipulation and order, the Plaintiffs, their agents, successors and assigns have agreed not to seek court relief or otherwise challenge, or seek to halt, the development of Broadway Homes. A copy of the stipulation and order is available from the Housing Authority for review.

Borrower. To the best knowledge of the Borrower, there is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the execution or delivery of any of the Bonds or in any way contesting or affecting the validity of any of the Bonds or which in any way contests the existence or powers of the Borrower or which in any challenges the Borrower's plans to construct the Project, and there is no pending or threatened action, suit or proceeding against or relating to the Borrower or the Project which could have a material adverse effect on the financial conditions or operations of the Borrower or the Project.

LEGAL MATTERS

The authorization, issuance and delivery of the Bonds are subject to receipt of the opinion of Hawkins, Delafield & Wood, Washington, D.C., Bond Counsel, which will be in substantially the form set forth in Appendix C. Certain legal matters will be passed upon for the Underwriters by their counsel, Holland & Knight LLP, Washington, D.C. Certain legal matters will be passed upon for the Housing Authority by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland. Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland, will render an opinion to the Housing Authority regarding certain litigation matters. Certain legal matters will be passed upon for the Borrower by Nixon Peabody LLP, Washington, D.C.

ENFORCEABILITY OF REMEDIES

The remedies available to the Administration, the Trustee and the owners of the Bonds upon an Event of Default under the applicable Indenture, the Escrow Agreement, the Investment Agreement, the Loan Documents or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

LEGALITY FOR INVESTMENT

Under the Act, the 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 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.

UNDERWRITING

The Bonds (other than the Placed Bonds) are being purchased by Bear, Stearns & Co. Inc., Ferris, Baker Watts Incorporated, Legg Mason Wood Walker, Incorporated, and UBS PaineWebber Inc. (the "Underwriters"). The Bonds (other than the Placed Bonds) are to be sold to the Underwriters on a negotiated basis. The Underwriters will be paid a fee of $111,586. The Purchase Contract with respect to the Bonds provides that the Underwriters will purchase all of the Bonds (other than the Placed Bonds), if any are purchased. The Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Bonds (other than the Placed Bonds) may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell any of the Bonds (other than the Placed Bonds) to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof. The Placed Bonds are being sold by the Administration to an institutional purchaser. The Underwriters will act as placement agents for the Placed Bonds and will receive a fee of $8,250 with respect thereto.

FINANCIAL ADVISOR

Caine Mitter & Associates Incorporated, in association with Columbia Equity Financial Corp. (collectively, the "Financial Advisor") has served as financial advisor to the Administration in connection with the sale of the Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned its bond rating of "Aaa" to the Series A Bonds and "Aa2" to the Series B Bonds. Explanations of the significance of such ratings may be obtained from Moody's at 99 Church Street, New York, New York 10007. The Administration has not applied for any other rating with respect to any of the Bonds. Moody's may have been provided with information regarding the Administration and its financial condition and operations that is not included in this Official Statement. There is no assurance that such rating will continue for any period of time or that such rating 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 rating (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 ratings. Any reduction or withdrawal of its rating would have an adverse effect upon the market price of the applicable Series of Bonds.

SECONDARY MARKET DISCLOSURE

The Borrower 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 of Maryland, in each case as designated by the Commission in accordance with the Rule, within four months following the end of each fiscal year, the following annual financial information and operating data:

1. a copy of the annual financial statements of the Borrower prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

2. an update of the financial information and operating data contained in the following sections of the Official Statement:

   (i) "Application of Bond Proceeds; Plan of Financing,"
   (ii) "The Project,"
   (iii) "The Borrower and the Development Team," and
   (iv) "Litigation - The Borrower."

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

The Borrower 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 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 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 Bonds, or
11. rating changes.

In a timely manner, the Borrower will give to each NRMSIR or to the MSRB, and to the SID, if any, notice of any failure by such Borrower to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

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

The Borrower 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 Bonds the proceeds of which funded construction of the Project. 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 Borrower 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 Borrower to comply with the provisions of its undertaking will not be an event of default with respect to the Bonds under the Indenture.

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 Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date hereof.

MISCELLANEOUS

Summaries and Descriptions in Official Statement

The summaries and explanation of, or references to, the Act, the Indentures, the Escrow Agreement, the Investment Agreement, the Loan Agreement, the Intercreditor Agreement, the Letter of Credit Agreement, the Regulatory Agreement, the Notes, the Deeds of Trust and the Declaration 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 Trustee.

Selection and Compensation of Professionals

The 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 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 Bonds. The Underwriters are selected by the Administration periodically through a process of solicitation of proposals. Compensation of the Underwriters and their counsel is contingent on the sale and delivery of the Bonds.

* * * * *

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

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

By: /s/ Harry D. Sewell
Director

June 13, 2002

Approved:

Broadway II, LP

By: Landex of Maryland, Incorporated
Managing General Partner

By: /s/ Peter S. Siegel
Vice President

APPENDIX A
DEFINITIONS

Certain of the terms used in this Official Statement are defined in the Indentures. Certain terms are defined elsewhere in this Official Statement. In addition, the following terms have the following respective meanings in this Official Statement, unless a different meaning clearly appears from the context:

"Act" means §§2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended, and all future acts supplemental thereto or amendatory thereof, and all applicable portions of the regulations adopted pursuant thereto and set forth in Title 05, Department of Housing and Community Development, Subtitle 05, Rental Housing Programs, Chapter 02, Multifamily Housing Revenue Bond Financing Program (except to the extent such regulations or any part thereof are waived with respect to this transaction).

"Act of Bankruptcy" means the filing of a petition in bankruptcy under the Bankruptcy Code or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy by or against the Borrower or the Administration as debtor.

"Administration" means the Community Development Administration, an agency in the Division of Development Finance of the Department.

"Administration's Certificate as to Arbitrage" means the certificate of the Administration delivered on the Closing Date pursuant to Income Tax Regulations §1.103-13(a)(2)(ii).

"Administration's Obligations" means the obligations of the Administration under each Series of Bonds and the respective Indenture to (a) pay the principal of, premium, if any, and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise), (b) pay all other payments (if any) required by the Bonds, the applicable Indenture and the other Documents to be paid by the Administration, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Administration is required by the Bonds or the applicable Indenture to perform and observe.

"Agency Obligations" means direct obligations (including bonds, notes or participation certificates) of, or obligations the principal of and interest on which are unconditionally guaranteed by, any agency or instrumentality of the United States of America, including, without limitation, (i) Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, the Export- Import Bank of the United States, the Tennessee Valley Authority, the Federal Financing Bank, the United States Postal Service, and the Farmers Home Administration, and (ii) either on a consolidated or system-wide basis, Federal Land Banks, Federal Intermediate Credit Banks or Federal Banks for Cooperatives, but excluding in any event the obligations of the Student Loan Marketing Association.

"Agreement" means the Document in which such term appears, and any and all Supplements to such Document.

"AHP Loan" means the loan made to the Borrower by the Housing Authority from funds made available through the Federal Home Loan Bank of Atlanta's Affordable Housing Program.

"Authorized Borrower Representative" means the general partner of the Borrower, or any other person or persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Trustee containing the specimen signature of such person or persons and duly signed on behalf of the Borrower, which certificate may designate an alternate or alternates, and may designate different Authorized Borrower Representatives to act for the Borrower with respect to different sections of the applicable Indenture.

"Authorized Officer" means the Secretary, the Deputy Secretary of the Department, the Director, either Deputy Director of the Administration, any Director of any program or division of the Administration or any other person duly authorized by the Secretary to perform such act or discharge such duty.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. §101 et seq., and all future acts supplemental thereto or amendatory thereof.

"Bond" or "Bonds" means, collectively, the Series A Bonds and the Series B Bonds.

"Bond Counsel" means bond counsel who is under contract to provide such services to the Administration.

"Bond Fund" means the Bond Fund created under each Indenture.

"Bondholder" or "Holder of the Bonds" or "Holder" or "Owner of the Bonds" or "Owner" means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Administration maintained at the designated office of the Trustee for that purpose.

"Book Entry Form" or "Book Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates "immobilized" in the custody of the Securities Depository.

"Borrower" means Broadway II, LP, a Maryland limited partnership.

"Building Loan Agreement" or "Loan Agreement" means the Building Loan Agreement among the Administration, the Borrower and the Department dated as of June 1, 2002.

"Business Day" or "business day", when used in the Loan Documents, means any day other than a Saturday, Sunday or a day on which banks in the city in which the designated corporate trust office of the Trustee is located and in the State of New York are required or authorized by law to remain closed.

"City Loan" means the loan from the Mayor and City of Baltimore from amounts made available to the City under HUD's HOME Program.

"Closing Date" means the date of issuance and delivery of the Bonds to the original purchaser or purchasers thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations, rulings and proclamations promulgated or proposed from time to time thereunder.

"Conditional Assignment" means the Conditional Assignment Agreement dated as of June 1, 2002 among the Administration, the Trustee and the Letter of Credit Provider.

"Construction Draw Date" means the date of each disbursement of proceeds of the Bonds to the Borrower in accordance with the Indentures and the Building Loan Agreement.

"Declaration" means the Agreement and Declaration of Covenants and Restrictions, dated as of June 1, 2002, among the Borrower, the Housing Authority and the Administration relating to the Bonds, and any and all Supplements thereto.

"Deeds of Trust" means, collectively, the Series A Deed of Trust and the Series B Deed of Trust.

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

"Director" means the Director of the Administration.

"Documents" means and shall include (without limitation) with respect to each Series of Bonds, the applicable Indenture, the Building Loan Agreement, the applicable Deed of Trust, the Declaration, the Intercreditor Agreement, the Regulatory Agreement, the Letter of Credit with respect to the Series B Bonds, the Borrower's Tax Certificate and any and all other documents which the Administration, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Administration's Obligations or the Borrower Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto.

"DTC" means The Depository Trust Company, New York, New York.

"Escrow Agent" means Allfirst Bank, a state chartered commercial bank, and its successor or successors under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, dated as of June 1, 2002, among the Administration, the Borrower, the Housing Authority and the Escrow Agent, and any and all Supplements thereto.

"Event of Default" or "Default" means, when used with respect to the Indentures, those events of default or defaults specified as such therein, and when used with respect to the Deeds of Trust, those events of default or defaults specified as such therein.

"Financing Documents" means, when used with respect to the Series B Bonds, the Series B Indenture, the Loan Agreement, the Series 2002 B Note, the Series 2002 B Deed of Trust, the Declaration, the Regulatory Agreement and the Borrower's Tax Certificate.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Gross Income" means ‘gross income' as that term is used and defined in Section 61 of the Code.

"HABC Loan" means the loan from the Housing Authority for the financing of the Project funded with HOPE VI Funds.

"HOPE VI Funds" means the funds made available by the United States Department of Housing and Urban Development, as a grant to the Housing Authority, to fund the HABC Loan.

"Housing Authority", "HABC" or "Authority" means the Housing Authority of Baltimore City.

"HUD" means the United States Department of Housing and Urban Development.

"Indentures" means, collectively, the Series A Indenture and the Series B Indenture.

"Individual Trustees" or "Trustees" means the individual trustees acting as trustees under the Deeds of Trust, or their successors in trust who may be acting under and pursuant to the Deeds of Trust from time to time.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of June 1, 2002, among the Department, the Administration, the Housing Authority, the Mayor and City Council of the City of Baltimore, the Letter of Credit Provider, the Borrower and SunTrust Community Development Corporation, Mid-Atlantic, the investor limited partner of the Borrower, and any and all Supplements thereto.

"Investment Agreement" has the meaning given it in clause (g) of the definition of Permitted Investments.

"Investment Provider" means Bayerische Landesbank Girozentrale or its successors or assigns under the Investment Repurchase Agreement, or the provider of another Investment Agreement pursuant to clause (g) of the definition of Permitted Investments.

"Investment Repurchase Agreement" means the Investment Repurchase Agreement dated as of June 25, 2002, among the Trustee, Wells Fargo Bank Minnesota, National Association, and the Investment Provider and any and all Supplements thereto.

"Line of Credit" means the line of credit extended to the Borrower for construction cost overruns, operating deficits, operating reserves and certain other costs, in an amount up to $3,000,000 outstanding.

"Loan Documents" means and shall include (without limitation) the applicable Note, the applicable Deed of Trust, the Declaration, the Regulatory Agreement, the Borrower Tax Certificate, the Building Loan Agreement, and any and all other documents which the Borrower has executed and delivered, or may hereafter execute and deliver, to evidence or secure the Borrower obligations to repay the Series A Loan or the Series B Loan, as applicable, or any other obligation of the Borrower with respect to such Loans, or any part thereof, or in connection therewith, and any and all Supplements thereto.

"Loans" means, collectively, the Series A Loan and the Series B Loan.

"Notes" means, collectively, the Series A Note and the Series B Note.

"NRMSIR" means each 'nationally recognized municipal securities information repository' and any 'state information depository' for the State recognized in either case by the United States Securities and Exchange Commission pursuant to SEC Rule 15c2-12, and any successor rule or information repository performing substantially the same function and recognized by the United States Securities and Exchange Commission. 'NRMSIR' shall also include the Municipal Securities Rulemaking Board to the extent required by Rule 15c2-12.

"Outstanding", "outstanding" or "Bonds Outstanding" means, when used in reference to the Bonds, all Bonds which have been duly authenticated and delivered by the Trustee under the applicable Indenture, except:

(a) Bonds which have been canceled by the Trustee or which have been delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which cash funds or securities, as provided in the applicable Indenture, shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to 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 others have been authenticated under the applicable Indenture.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations");

(b) Agency Obligations;

(c) certificates of deposit or other obligations maturing not more than one year after the date of acquisition thereof which are fully insured by the Federal Deposit Insurance Corporation and having a rating of P-1 from the Rating Agency;

(d) open market commercial paper with a maturity not in excess of one year from the date of acquisition thereof which on the date of acquisition has a rating of P-1 from the Rating Agency;

(e) repurchase agreements with any bank, trust company or government bond dealer that with respect to the Series A Bonds has a rating of Aaa and with respect to the Series B Bonds has a rating of Aa or P-1 from the Rating Agency, reporting to, trading with and recognized as a primary dealer by a Federal Reserve Bank, selected by the Trustee, acting as principal or agent, for Government Obligations and Agency Obligations, if such Government Obligations and Agency Obligations are delivered to the Trustee or are supported by a safe-keeping receipt issued by a depository satisfactory to the Trustee; provided, however, that the underlying Government Obligations and Agency Obligations are required to be maintained continuously at a current market value of not less than the amount so invested;

(f) any money market or short term investment fund investing in or consisting solely of and secured by Government Obligations and/or Agency Obligations, including any such fund maintained by the Trustee or an affiliate thereof for which the Trustee or an affiliate thereof serves as an investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor, that with respect to the Series A Bonds has a rating of Aaa and with respect to the Series B Bonds has a rating of Aa or P-1 from the Rating Agency;

(g) an agreement for the investment of moneys at a guaranteed rate (an "Investment Agreement") held by the Trustee with a financial institution rated with respect to the Series A Bonds Aaa and with respect to the Series B Bonds Aa or P-1 by the Rating Agency, or whose obligations are unconditionally guaranteed or insured by a financial institution rated Aaa with respect to the Series A Bonds and Aa or P-1 with respect to the Series B Bonds by the Rating Agency, provided that notice of the Investment Agreement shall be provided to the Rating Agency prior to the execution and delivery of the Investment Agreement, provided, further, that the Investment Agreement shall include, without limitation, the following restrictions:

(i) the invested funds shall be available for withdrawal without penalty or premium at any time that (a) the Trustee is required to pay moneys from the Fund(s) established under this Indenture to which the Investment Agreement is applicable or (b) any Rating Agency indicates that it will lower, suspend or withdraw or actually lowers, suspends or withdraws the rating on the Bonds on account of the rating of the financial institution providing, guaranteeing or insuring, as applicable, the Investment Agreement;

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

(iii) the Trustee shall receive an Opinion of Counsel that the Investment Agreement is legal, valid, binding and enforceable upon the provider of the Investment Agreement, in accordance with its terms and, if applicable, that any guarantee or other facility backing the Investment Agreement is legal, valid, binding and enforceable upon the provider of such guarantee or other facility, in accordance with its terms;

(iv) the Investment Agreement must be collateralized in a manner acceptable to the Administration; and

(v) the Investment Agreement shall provide that the principal of and accrued but unpaid interest on the investment (with no penalty or premium), shall be paid to the Trustee upon a defeasance or acceleration, in whole or in part, of the Bonds; and

(h) the Investment Repurchase Agreement.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, or government or agency or political subdivision thereof.

"Project" means the 132-unit multifamily rental housing project and Community Center to be located in Baltimore, Maryland and to be known as Broadway Homes.

"PRHP Loan" means funds to be provided to the Borrower by the Department through its Partnership Rental Housing Program.

"Rating Agency" means Moody's Investors Service, Inc. and it successors and assigns.

"Rebate Amount" means any amount which is to be paid to the United States of America pursuant to Section 148(f) of the Code and the Borrower's Tax Certificate.

"Rebate Fund" means the Rebate Fund created under the applicable Indenture for each Series of Bonds.

"Regulatory Agreement" means the Regulatory Agreement, dated as of June 1, 2002, between the Administration and the Borrower, and all Supplements thereto.

"Reserved Rights of the Administration" or "Reserved Rights" means the contractual rights of the Administration (but not the assets securing the satisfaction of such rights) consisting of: (a) all rights which the Administration or its officers, officials, agents or employees may have under this Indenture and the Loan Agreement to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Administration itself, or its officers, officials, agents or employees; (b) the right of the Administration to receive notices, reports or other information, make determinations and grant approvals hereunder and under the other Loan Documents; (c) the right of the Administration to receive its fee pursuant to the Builder Loan Agreement; (d) all rights of the Administration to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly to the requirements of the Act or any requirements imposed by the Administration with respect to the Project, or necessary to assure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any of the Loan Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Administration in connection with any amendment to or modification of the Loan Documents; and (f) all enforcement remedies with respect to the foregoing.

"Revenues" with respect to the Series A Bonds, means all payments under the Series 2002 A Note and the Series 2002 A Deed of Trust and all investment earnings derived or to be derived on any moneys or investments held by the Trustee hereunder, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the Administration and the Trustee, (b) amounts paid to or collected by the Administration in connection with any Reserved Rights of the Administration and (c) any Rebate Amount. With respect to the Series B Bonds, "Revenues" means all payments under the Series 2002 B Note and the Series 2002 B Deed of Trust and all investment earnings derived or to be derived on any moneys or investments held by the Trustee hereunder, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the Administration and the Trustee, (b) amounts paid to or collected by the Administration in connection with any Reserved Rights of the Administration and (c) any Rebate Amount.

"Secretary" means the Secretary of Housing and Community Development of the State.

"Securities Depository" means DTC, its successors and assigns, or any other securities depository for the Bonds designated by the Administration or the Borrower to the Trustee in writing.

"Series A Bonds" means the Multifamily Development Revenue Bonds (Broadway Homes Project) Series 2002 A issued by the Administration pursuant to the Series A Indenture.

"Series A Deed of Trust" means the Series A Deed of Trust, Security Agreement and Assignment of Rents, dated as of June 1, 2002, among the Borrower, the Housing Authority, the trustees named therein, the Administration and the Housing Authority relating to the Series A Bonds and any and all Supplements thereto.

"Series A Indenture" means the Trust Indenture dated as of June 1, 2002 between the Administration and the Trustee, relating to the Series A Bonds, and any and all Supplements thereto.

"Series A Loan" means the loan in the principal amount of $8,100,000 made by the Administration to the Borrower and funded by the proceeds of the Series A Bonds.

"Series A Note" means the Series A Deed of Trust Note in the principal amount of $8,100,000 made by the Borrower payable to the Administration evidencing the obligation of the Borrower to pay the Series A Loan.

"Series A Project Fund" means the Project Fund created under the Series A Indenture.

"Series B Bonds" means the Multifamily Development Revenue Bonds (Broadway Homes Project) Series 2002 B issued by the Administration pursuant to the Series B Indenture.

"Series B Deed of Trust" means the Series B Deed of Trust, Security Agreement and Assignment of Rents, dated as of June 1, 2002, among the Borrower, the trustees named therein, the Administration and Housing Authority relating to the Series B Bonds and any and all Supplements thereto.

"Series B Loan" means the loan in the principal amount of $5,045,000 made by the Administration to the Borrower and funded by the proceeds of the Series B Bonds.

"Series B Indenture" means the Trust Indenture dated as of June 1, 2002 between the Administration and the Trustee, relating to the Series B Bonds, and any and all Supplements thereto.

"Series B Note" means the Series B Deed of Trust Note in the principal amount of $5,045,000 made by the Borrower payable to the Administration evidencing obligation of the Borrower to pay the Series B Loan.

"Series B Project Fund" means the Project Fund created under the Series B Indenture.

"State" means the State of Maryland.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"Trustee" means Allfirst Bank, a state-chartered commercial bank, having a corporate trust office in Baltimore, Maryland and its successor or successors in the trust created by the Indenture.

"Trust Estate" has the meaning given such term in "INTRODUCTION - Security and Sources of Payment."

APPENDIX B-1
SUMMARY OF SERIES A INDENTURE AND ESCROW AGREEMENT

THE SERIES A INDENTURE

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

Trust Estate

The Bonds and the interest thereon will be special obligations of the Administration, and will be payable solely from Revenues and from assets provided for in the Indenture. Pursuant to the terms of the Indenture, the pledge will be valid and binding from and after the date of execution of the Indenture and the Trust Estate will be subject to the lien of such pledge immediately without any physical delivery thereof or further act, and the lien of such pledge will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Administration, irrespective of whether such parties have notice thereof.

The Bond Fund

Deposits into the Bond Fund. All accrued interest (if any) received upon the sale of the Bonds will be deposited in the Bond Fund. On any date on which the payment of interest on the Bonds is due and payable:

(i) any available interest earnings on the Project Fund shall be transferred on such date to the Bond Fund to make such payment; and

(ii) any available moneys in the Earnings Account of the Escrow Fund shall be transferred by the Escrow Agent to the Trustee on such date for deposit into the Bond Fund to make such payment.

On any date on which the payment of principal on the Bonds is due and payable:

(i) the Escrow Agent shall on such date transfer to the Trustee from the Escrow Account for deposit into the Bond Fund the amount necessary to make such payment; and

(ii) in the event the amount transferred from the Escrow Fund is not sufficient to make the principal payment due, the Trustee shall transfer from the Project Fund to the Bond Fund the additional amount required to make such payment.

Further, there shall be deposited in the Bond Fund, as and when received:

(i) any amount remaining in the Project Fund to the extent provided in the Indenture;

(ii) all payments specified in the Series A Note other than those payments which the Borrower is directed to pay (A) directly to the Administration as specified in the Series A Note or directly to the Trustee as specified in the Indenture, or (B) to or for the account of the Administration as specified in the Series A Note; and

(iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Documents or the Indenture which are required or permitted, or which are accompanied by directions from the Borrower, to be paid into the Bond Fund.

Use of Moneys in Bond Fund. Except as provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of, interest and premium, if any, on the Bonds and for the redemption of the Bonds at or prior to maturity. Any moneys deposited into the Bond Fund from the Project Fund after completion of the project shall be used for the payment or redemption of Bonds pursuant to the Indenture and for no other purpose.

Any amounts remaining in the Bond Fund, (except for amounts then sold by the Trustee for payment of principal, premium or interest or any of the Bonds) after payment in full of the principal, interest and premium on the Bonds and payment in full, or provision for payment, of the final Rebate Amount and payment in full of any outstanding fees and expenses of the Trustee, shall be deemed to be overpayments by the Borrower and shall be paid to the Borrower upon the expiration or termination of the Loan Agreement.

The Project Fund

Deposits into Project Fund. The balance of the proceeds received upon the issuance and sale of the Bonds remaining after deposit of amounts into the Bond Fund pursuant to the Indenture shall be deposited in the Project Fund.

Disbursements from Project Fund. The Trustee may make disbursements from the Project Fund on a Construction Draw Date solely to pay "development costs" (as such term is defined in the Act) of the Project (excluding the Community Center), which development costs must be eligible to be taken into account in the cost basis of the rental units of the Project under Section 1012 of the Code, and only upon the receipt by the Trustee of (1) a request or requests therefor executed by the Administration and the Housing Authority, upon forms approved by them, respectively, (2) certification by an Authorized Borrower Representative that such costs are eligible for inclusion as basis pursuant to Section 42(h)(4)(B) of the Internal Revenue Code and are qualified project costs pursuant to Section 142(a)(7) of the Code, and (3) confirmation from the Escrow Agent that an amount equal to the request has been received by the Escrow Agent and deposited as required under the Escrow Agreement.

Completion of Project. The completion of the rental component of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Trustee of (a) the certificate of the Authorized Borrower Representative required by the provisions of the Loan Agreement and (b) a certificate signed by the Authorized Borrower Representative stating that all obligations and costs in connection with the rental component of the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Authorized Borrower Representative for the payment of costs of the Project not then due and payable or then in dispute as provided in the Loan Agreement.

Disposition of Moneys in Project Fund After Completion of Project. As soon as practicable after the filing of the certificate by the Authorized Borrower Representative stating that all obligations and costs in connection with the rental component of the Project payable out of the Project Fund have been paid except for amounts retained by the Trustee for payment of costs of the rental component of the Project not then due and payable or in dispute, any balance remaining in the Project Fund (except such amounts retained by the Trustee pursuant to the Indenture) shall be deposited into the Bond Fund and used to redeem the applicable Bonds; provided, however, that the Trustee may retain such funds if the Borrower provides the Trustee with an opinion of Bond Counsel, in form and substance satisfactory to the Trustee, to the effect that retaining such remaining moneys until maturity or other payment in full of the Bonds will not adversely affect the excludability of interest on the applicable Bonds from Gross Income for federal income tax purposes as such exclusion then exists. On the maturity date of the Bonds, any amounts remaining on deposit in the Project Fund shall be transferred to the Bond Fund to be applied to the payment of Bonds. To the extent any moneys from any payment made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds outstanding and the final Rebate Amount has been paid in full (or provision therefor has been made) such moneys (other than moneys held for the payment of Bonds) may be paid to the Borrower. None of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Administration or the Borrower for any cost, which is not permitted by the Act and by the Code.

Discharge of Lien and Security Interest

Discharge. Upon satisfaction of the conditions precedent set out in the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Administration to the Bondholders shall thereupon cease, terminate and be discharged and satisfied. In such event, upon request of the Administration, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other fund created under the Indenture and shall transfer to the Administration all other property then held by the Trustee under the Indenture.

Defeasance

Provision for Payment of Bonds. All outstanding Bonds, prior to the maturities or redemption dates thereof, shall be deemed to have been paid if:

(i) in case any that such Bonds are to be redeemed on any date prior to their maturities the Administration (or the Borrower on behalf of the Administration) shall have given to the Trustee irrevocable instructions to give notice of redemption of such Bonds as provided in the Indenture;

(ii) there shall have been deposited with the Trustee either (A) moneys in an amount which shall be sufficient, or (B) Government Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal and interest and premium, if any, due and to become due on such Bonds on and prior to the redemption date or maturity dates; and

(iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Administration (or the Borrower on behalf of the Administration) shall have given the Trustee, after having been advised by the Trustee that circumstances requiring or permitting such redemption exist, a notice to the Bondholders that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section.

Events of Default; Preliminary Notice

Events of Default. Each of the following shall constitute an Event of Default:

(i) any interest on any Bond is not paid on the date on which it becomes due;

(ii) the principal of, or premium, if any, on any Bond is not paid on the date on which it becomes due, whether at the stated maturity thereof, by acceleration or after notice of redemption (optional or mandatory) or otherwise; or

(iii) an Event of Default occurs under the Loan Agreement; or

(iv) the Administration fails to duly and promptly perform, comply with, or observe any covenant, agreement or provision contained in the Bonds or in the Indenture, and such failure continues for 90 days after written notice of such failure shall have been given to the Administration and the Borrower, which notice may be given by the Trustee, and shall be given at the written request of 100% of the holders of outstanding Bonds, specifying such failure and requiring it to be remedied; provided, however, that if such default is such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Administration or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

Remedies; Rights of Bondholders

Acceleration; Rescission of Acceleration. Upon:

(i) the occurrence of an Event of Default described in clauses (i) or (ii) above, the Trustee may, and shall upon the written request of Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding, declare the principal of all Bonds then Outstanding and the interest accrued, and to accrue, thereon to the date of payment immediately due and payable; or

(ii) the occurrence of an Event of Default described in clauses (iii) or (iv) above, the Trustee shall, but only upon written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable.

Other Remedies. Upon the happening of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided above):

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Administration or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;

(ii) bring suit upon the Bonds; or

(iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Right of Bondholders to Direct Proceedings

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless:

(i) such Holder previously shall have given to the Trustee written notice of an Event of Default;

(ii) the Holders of not less than 51% in principal amount of the Bonds then outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action shall have accrued;

(iii) the Trustee has had a reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its or their name;

(iv) the Trustee has been offered security and satisfactory indemnity against the costs, expenses and liabilities to be incurred; and

(v) the Trustee shall not have complied with such request within a reasonable time.

Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy.

The Trustee

Resignation of Trustee. The Trustee may resign by executing a written instrument resigning the trust upon 15 days notice to the Administration, the Borrower, and the Bondholders. Such resignation shall take effect on the day specified in such instrument and notice, provided a successor Trustee shall have been appointed, in which event such resignation shall take effect immediately on the appointment of and acceptance by such successor Trustee. No resignation by the Trustee shall be effective until the appointment of a successor Trustee and the acceptance of such appointment.

Removal of Trustee. The Trustee may be removed at any time by an instrument in writing, appointing a successor, filed with the Trustee so removed and executed by the Administration or the Holders of a majority in principal amount of the Bonds then Outstanding.

Supplemental Indentures Not Requiring Bondholder Consent

The Administration and the Trustee may, from time to time and at any time, without the consent of Bondholders, enter into agreements supplemental to the Indenture as follows:

(i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in the Indenture if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture;

(iv) to add to the covenants and agreements of the Administration in the Indenture other covenants and agreements to be observed by the Administration which are not contrary to or inconsistent with the Indenture;

(v) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Administration which are not contrary to or inconsistent with the Indenture;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, the Indenture, of the Revenues or of any other moneys, securities or funds;

(vii) to provide for the issuance of refunding Bonds, and to provide for the particulars thereof in any instance where consent of the Bondholders to the issuance thereof is not required; or

(viii) to modify, amend or supplement the Indenture in any respect which is not materially adverse to the interests of the owners of the Bonds.

Before the Administration shall enter into any agreement supplemental to this Indenture, there shall have been filed with the Trustee an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Administration in accordance with its terms.

Supplemental Indentures Requiring Bondholder Consent

The Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right to consent to and approve the execution and delivery by the Administration and the Trustee of any agreement supplemental to the Indenture as is deemed necessary or desirable by the Administration and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting:

(i) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon;

(ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by the Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents);

(iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds;

(iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in the Indenture, including (without limitation) that required for consent to such supplemental indentures; or

(v) the issuance of refunding Bonds issued for the purpose of refunding less than all of the Bonds of all Series then outstanding.

If at any time the Administration and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto.

Amendments to Documents Not Requiring Bondholder Consent

The Administration and the Trustee may without the consent of or notice to the Bondholders, but with notice to the Rating Agency, consent to any amendment, change or modification of the Documents as may be required by the provisions of the Documents and this Indenture (a) for the purpose of curing any ambiguity or formal defect or omission, (b) in connection with the issuance of refunding bonds in any instance where the consent of the Bondholders to such issuance is not required, or (c) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the Holders of the Bonds.

Amendments to Documents Requiring Consent of Bondholders

Except as otherwise provided above, the Administration and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Bonds at the time Outstanding given and procured; provided, however, no such separate approval or consent is required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance shall have been previously obtained.

THE ESCROW AGREEMENT

Purpose

The Authority has entered into a loan agreement with the Borrower, pursuant to which the Authority will lend to the Borrower funds provided to the Authority by HUD for the Project. Each time an acquisition or construction draw is approved by the Administration under the Loan Agreement and by the Authority, the Authority will draw from HUD the moneys required to make deposits into an escrow account to be held and disbursed by the Escrow Agent pursuant to the terms of the Escrow Agreement. The parties to the Escrow Agreement intend that the HABC Loan proceeds and investment earnings thereon will be held in escrow solely for the purpose of paying principal of and interest on the Series A Bonds, as the same become due and payable (whether at maturity, redemption prior to maturity or upon acceleration of maturity) and as security for payment of the principal of and interest on the Series A Bonds.

Escrow of HABC Loan Proceeds

Creation of Escrow Fund and Accounts. The Escrow Agreement creates the Escrow Fund and, within it, the following Accounts:

(i) the Escrow Account; and

(ii) the Earnings Account.

Deposit of Funds. The HABC Loan proceeds shall be deposited into the Escrow Account. All investment earnings from moneys held in the Escrow Account and the Earnings Account will be deposited in the Earnings Account.

Investment of Escrowed Funds. Moneys in the Escrow Fund may be invested and reinvested as directed by the Administration in Permitted Investments having maturities consonant with the maturity of the Series A Bonds and expected disbursement of investment earnings from the Earnings Account to pay interest on the Series A Bonds as such interest becomes due and payable. None of the moneys held at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any of the Series A Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

In order to maintain the exclusion from gross income for federal income taxation of interest on the Series A Bonds, at the direction of the Administration, the Escrow Agent shall draw down sufficient moneys in the Escrow Fund and reinvest such moneys in United States Treasury Securities-State and Local Government Series ("SLGS") (or, in the event SLGS are not available, open market Treasury securities) at a rate sufficient to reduce the yield on the investments in the Escrow Fund to the yield on the Series A Bonds, provided that:

(i) the Rating Agency shall confirm in writing that such withdrawal and reinvestment will not adversely affect the rating on the Series A Bonds; and

(ii) such securities will mature in amounts and at times that are sufficient to pay, when due, the principal of and interest on the Series A Bonds, either at maturity or upon prior redemption.

Establishment of Construction Draw Date. The Administration and the Authority shall establish by mutual agreement each Construction Draw Date. The Construction Draw Date shall be the anticipated date of each disbursement of proceeds of the Series A Bonds to the Borrower in accordance with the Trust Indenture and Building Loan Agreement. Each Construction Draw Date shall be determined upon the approval of each request by the Borrower for disbursement of HABC Loan proceeds and proceeds of the Series A Bonds by the Authority and the Administration.

Procedures for Disbursement of Funds. Moneys drawn from HUD to fund the HABC Loan shall be deposited into the Escrow Fund, and Bond proceeds shall be disbursed to the Borrower. Promptly following the approval of each request by the Borrower for disbursement of HABC Loan proceeds by the Authority and proceeds of the Series A Bonds by the Administration, the Authority will apply to HUD for disbursement of moneys from HUD. One business day before the Construction Draw Date, the Authority shall deposit into the Escrow Account the funds disbursed by HUD. On each Construction Draw Date, the Administration will authorize the Trustee to disburse proceeds of the Series A Bonds to the Borrower in an amount equal to the amount deposited into the Escrow Account.

Disbursement of Funds from Escrow Fund. All moneys received or held by the Escrow Agent pursuant to the terms of the Escrow Agreement will be disbursed by the Escrow Agent to the Trustee as follows:

(i) from the Escrow Account, to pay principal of the Series A Bonds at their maturity, upon their prepayment prior to maturity, or upon acceleration of the Series A Bonds prior to maturity, at such times as provided in the Trust Indenture;

(ii) from the Earnings Account, to pay interest payable on the Series A Bonds at or prior to their maturity, upon their prepayment prior to maturity, or upon acceleration of the Series A Bonds prior to maturity, in each case as provided in the Trust Indenture;

(iii) upon maturity of the Series A Bonds or prepayment or acceleration of the Series A Bonds prior to maturity, any monies remaining in the Escrow Account or the Earnings Account, after application pursuant to clauses (i) or (ii) above, shall be applied to pay any unpaid principal of or interest on the Series A Bonds; and

(iv) following payment of the Series A Bonds or provision therefor, in accordance with the terms of the Trust Indenture.

Disposition of Excess Moneys in the Escrow Fund. The Escrow Agreement shall terminate when all the outstanding Series A Bonds and interest due thereon have been paid and discharged in accordance with the terms of the Trust Indenture. Upon such termination, any moneys remaining in the Escrow Account or in the Earnings Account not required to pay principal of and interest on the Series A Bonds or any applicable rebate shall be paid to the Authority.

The Escrow Agent

Resignation of Escrow Agent. The Escrow Agent may resign and be discharged of its duties and obligations upon execution of a written instrument with 15 days notice to the parties to the Escrow Agreement. Such resignation shall take effect at such time as a successor Escrow Agent shall be appointed and shall have accepted such appointment.

Removal of Escrow Agent. The Escrow Agent may be removed at any time by an instrument in writing executed by the Administration.

APPENDIX B-2
SUMMARY OF SERIES B INDENTURE

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

Trust Estate

The Bonds and the interest thereon will be special obligations of the Administration, and will be payable solely from the revenues under the Series 2002 B Note and Mortgage and from other assets provided for in the Indenture, specifically excluding the Rebate Fund. Pursuant to the terms of the Indenture, the pledge will be valid and binding from and after the date of execution of the Indenture and the Trust Estate will be subject to the lien of such pledge immediately without any physical delivery thereof or further act, and the lien of such pledge will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Administration, irrespective of whether such parties have notice thereof.

Creation of Funds and Accounts

The Indenture creates the following Funds and Accounts:

(i) the Project Fund and within the Project Fund, the Bond Proceeds Account;

(ii) the Bond Fund and within the Bond Fund, the Interest Account, the Principal Account and the Letter of Credit Proceeds Account; and

(iii) the Rebate Fund.

The Project Fund

Deposits. Upon issuance of the Bonds, the Trustee shall deposit the proceeds of the Bonds into the Bond Proceeds Account.

Disbursements. Amounts on deposit in the Bond Proceeds Account of the Project Fund shall be held by the Trustee in trust and shall be applied to costs and expenses of the Project relating to the residential units which may be taken into account in the Project's buildings' cost basis under Section 1012 of the Code, paid or incurred on or after December 8, 2001, so long as such costs and expenses were reasonably expected to be financed with Bond proceeds. Pending such application, funds in the Bond Proceeds Account shall be subject to a lien in favor of the bondholders.

Completion of Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Trustee of (a) the certificate of the Authorized Borrower Representative required by the provisions of the Loan Agreement and (b) a certificate signed by the Authorized Borrower Representative stating that all obligations and costs in connection with the rental component of the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Authorized Borrower Representative for the payment of costs of the rental component of the Project not then due and payable or then in dispute as provided in the Loan Agreement. After the date of the certificate stating that all obligations and costs in connection with the Project have been paid, the Trustee shall deposit any balance remaining in the Project Fund into the Bond Fund to be used for the redemption of Bonds at the earliest practicable redemption date.

The Bond Fund - Interest Account

Deposits into the Interest Account. The Indenture provides that the Trustee shall deposit all amounts received from the investment of funds into the Interest Account. If such amount is insufficient to make the interest payment, the Borrower shall provide the Trustee with the remainder.

Disbursements from the Interest Account. Moneys in the Interest Account shall be used to reimburse the Bank for each draw on the Letter of Credit, on the same day as each such draw, that is made to pay interest on the Bonds as it becomes due.

The Bond Fund - Principal Account

Deposits into the Principal Account. The Indenture provides that the Trustee shall deposit from payments received on the Series 2002 B Note the amount necessary to cause the amount then being credited to the Principal Account, together with investment earnings on investments then on deposit in the Bond Fund or the Project Fund, if such earnings will be received on or before the next Bond Payment Date (but only to the extent that such amount or investment earnings have not previously been credited for purposes of interest on the Bonds on such Bond Payment Date or the next Interest Payment Date), to be not less than the principal amount of Bonds Outstanding which mature or are payable on the next succeeding Bond Payment Date.

Disbursements from the Principal Account. Monies on deposit in the Principal Account shall be used to reimburse the Bank for each draw on the Letter of Credit, on the same day as such draw, that is made to pay principal on the Bonds as it becomes due.

The Bond Fund - Letter of Credit Proceeds Account

Deposits into the Letter of Credit Proceeds Account. The Trustee shall establish a Letter of Credit Proceeds Account as an account separate and distinct from all other funds and accounts under the Indenture, into which the Trustee shall deposit monies which are derived from a draw on the Letter of Credit.

Disbursements from the Letter of Credit Proceeds Account. The Trustee shall disburse funds from the Letter of Credit Proceeds Account to pay the principal of and interest on the Bonds.

Letter of Credit

Draws. The Trustee shall draw upon the Letter of Credit (i) on any Interest Payment Date in an amount sufficient to pay the interest payable on the Bonds on such date, (ii) immediately upon a declaration of acceleration of the Bonds, (iii) upon receipt of notice of the occurrence of an Act of Bankruptcy, (iv) on the maturity date of the Bonds, (v) on a redemption date and (vi) on each Bond Payment Date. In connection with a draw upon the Letter of Credit pursuant to clause (ii) or (iii), the Trustee shall establish a special payment date and a special record date in connection with an acceleration, and shall draw upon the Letter of Credit in an amount sufficient to pay the principal of the Bonds and the interest on the Bonds that has accrued as of such special payment date. The special payment date shall be the tenth day after the day the Letter of Credit is drawn upon, and if such tenth day is not a Business Day, the special payment date shall be the next preceding day which is a Business Day. The special record date shall be such date as is established by the Trustee.

Obligation to Hold. The Trustee shall hold and maintain the Letter of Credit for the benefit of the holders of the Bonds until the Letter of Credit terminates or expires. When the Letter of Credit terminates or expires, the Trustee shall immediately surrender it to the Bank, unless otherwise required to draw upon such Letter of Credit.

Substitute Letter of Credit. The Borrower may at any time deliver to the Trustee a Substitute Letter of Credit which shall have terms which are the same in all material respects as the current Letter of Credit, and if the conditions precedent in the Indenture are met, the Trustee shall accept such Substitute Letter of Credit and promptly surrender for cancellation the previously held Letter of Credit to the issuer thereof. Any Substitute Letter of Credit shall provide for drawings to pay up to an amount equal to the principal amount of the outstanding Bonds secured by such Letter of Credit, plus an amount equal to the Required Interest Component. The issuer and the form of the Substitute Letter of Credit must be such as to maintain a rating on the Bonds equal to or higher than the then current rating on the Bonds given by the Rating Agency. The Trustee shall give notice to the Bondholders of the proposed replacement of the current Letter of Credit with a Substitute Letter of Credit.

Investment Limitations

Moneys held as part of any fund or account (other than the Letter of Credit Proceeds Account) shall be invested or reinvested from time to time by the Trustee in Permitted Investments having a maturity not exceeding the earlier of (i) the date on which such funds may be needed under the Indenture, or (ii) six months. Moneys held in the Letter of Credit Proceeds Account shall be invested or reinvested from time to time by the Trustee in Government Obligations, having a maturity not exceeding the earlier of (1) the date on which such moneys may be needed under the Indenture or (2) 30 days.

Events of Default; Preliminary Notice

Events of Default. Each of the following shall constitute an Event of Default:

(a) default in the due and punctual payment of any interest on any Bond;

(b) default in the due and punctual payment of the principal of any Bond, whether at the stated maturity of the Bond or upon any redemption of the Bond, or on the maturity thereof by declaration;

(c) default on the part of the Administration in the observance or performance of any other of the covenants, agreements or conditions in the Indenture or in the Bonds and the continuance of such default for a period of 90 days after written notice of the default from the Trustee to the Administration and the Borrower; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Administration or the Borrower is taking appropriate corrective action to cure such failure and if such failure shall not impair the security of the Series B Loan or Bonds;

(d) an Event of Default under the Loan Documents past any applicable grace period; provided, however, that such occurrence shall not constitute an Event of Default under the Series B Indenture if (i) there is then a Letter of Credit in effect and (ii) the Bank has not failed to honor any drawing presented under the Letter of Credit, unless the Bank declares the same to be an Event of Default under the Series B Indenture;

(e) a drawing by the Trustee of the Letter of Credit for the purposes described above in clause (iii) under the heading "Letter of Credit - *Draws*";

(f) written notice to the Trustee from the Bank of an Event of Default under, and as defined in, the Reimbursement Agreement; or

(g) a Wrongful Dishonor.

Remedies; Rights of Bondholders

Acceleration; Rescission of Acceleration. Upon the occurrence of an Event of Default described in clause (c), (d) or (g) above, the Trustee may, and shall at the written direction of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, declare all Bonds Outstanding immediately due and payable; provided, however, with respect to the occurrence of an Event of Default described in clause (c) or (d) above, that, at any time during which there is a Letter of Credit in effect, unless the Bank has failed to honor a drawing under the Letter of Credit, the Trustee shall not declare the Bonds to be immediately due and payable unless instructed to do so by the Bank in writing. Upon the occurrence of a Event of Default described in clause (a), (b), (e) or (f), the Trustee shall declare all Bonds immediately due and payable. In the event of an acceleration, there shall be due and payable on the Bonds an amount equal to the total principal amount of all Bonds, plus all interest accrued thereon and which accrues to the date of declaration of such acceleration. The Trustee shall give written notice of such acceleration to the Administration, the Rating Agency, the Borrower, the Bondholders and the Bank in the same manner as for a notice of redemption (without regard to the timing of such notice) stating the special payment date on which the Bonds shall be due and payable.

Other Remedies. Upon the occurrence and continuance of any Event of Default, the Trustee may, and shall, at the written direction of the Holders of not less than fifty percent (50%) in an aggregate principal amount of the outstanding Bonds together with indemnification of the Trustee to its satisfaction, protect and enforce its rights and the rights of the Bondholders under the Indenture by those remedies which the Trustee, being advised by counsel, deems expedient, including but not limited to:

(i) Civil action to recover money or damages due and owing;

(ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Bonds;

(iii) Enforcement of any other right of the Bondholders conferred by law or by the Indenture; and

(iv) Enforcement of any other right conferred by the Loan Agreement.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bank or the Holders of not less than fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of the Indenture and, in the judgment of the Trustee, is not unduly prejudicial to the interest of the Bondholders not making such request.

The Trustee

Resignation of Trustee. The Trustee may resign provided that no such resignation shall take effect until either (i) a successor Trustee shall have been appointed and shall have accepted such appointment or (ii) a temporary Trustee shall be appointed as provided in the Indenture. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days following the giving of all required notices of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Administration, the Bank and the Borrower and signed by the holders of 100% of the Bond Obligation (but only with the consent of the Administration if the Administration is not in default under the Indenture). So long as no Event of Default has occurred and is continuing under the Indenture, the Trustee may be removed at any time at the direction of the Administration by an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the Bank and the Borrower.

Supplemental Indentures Not Requiring Bondholder Consent

The Administration and the Trustee, without the consent of or notice to any of the Bondholders, may enter into an indenture or indentures supplemental to the Indenture as shall not be materially adverse to the interests of the holders of the Bonds, including without limitation for one or more of the following purposes:

(i) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture or adverse to the Bondholders;

(ii) to change or modify any provision of the Indenture so as to harmonize to the maximum extent practicable the provisions thereof with existing rules, regulations and procedures of HUD;

(iii) to add to the covenants and agreements of the Administration in the Indenture other covenants and agreements, to surrender any right or power reserved or conferred upon the Administration or amend or supplement any other provision hereof if the foregoing shall not materially adversely affect the interests of the Bondholders;

(iv) to confirm, as further assurance, any pledge of or lien on the Loan Agreement or the Revenues or of any other moneys, securities or funds subject to the lien of the Indenture;

(v) to modify any of the provisions of the Indenture relating to the use of a book-entry system for registration of the Bonds;

(vi) to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes;

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

(viii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;

(ix) to establish procedures for drawing, and directing the Trustee to draw, upon a confirming letter of credit so that the rating on the Bonds will be based upon the rating of the issuer of the confirming letter of credit; or

(x) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statue hereafter in effect or under any state securities laws.

Provided, however, the execution and delivery of any indenture or indentures supplemental to the Indenture which revise or amend the provisions of the Indenture pertaining to draws upon or obligations relating to the Letter of Credit or the Substitute Letter of Credit shall require the written consent of the Bank.

Supplemental Indentures Requiring Bondholder Consent

With the consent of the holders of not less than a majority of the Bond Obligation, the Administration and the Trustee may, from time to time, enter into supplemental indentures for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture shall be construed as permitting:

(i) an extension of the stated maturity of or a reduction in the principal amount of or reduction in the interest rate on, or an extension of time of payment of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the registered owner of such Bonds;

(ii) the creation of any lien on all or any portion of the Trust Estate prior to or on a parity with the lien of the Indenture, without the consent of the holders of all of the Bonds;

(iii) a reduction in the amount of Bond Obligation, the holders of which are required to approve any such supplemental indenture, without the consent of the holders of all the Bonds at the time Outstanding which would be affected by the action to be taken;

(iv) a privilege or priority of any Bond over any other Bonds without the consent of the holders of all Bonds adversely affected thereby; or

(v) any action which may result in the loss of the exclusion of interest on the Bonds from federal income taxation; without in each case the consent of the holders of all the outstanding Bonds.

If at any time the Administration requests the Trustee to enter into any such supplemental indenture for any of the purposes above, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail notice of the proposed execution of such supplemental indenture to the Bank, the Rating Agency and to all Bondholders.

Amendments to Certain Agreements Not Requiring Bondholder Consent

The Administration and the Trustee may make or consent to any amendment, change or modification of the Loan Agreement, the Letter of Credit and the Tax Regulatory Agreement as the Administration and the Trustee may deem necessary or desirable which shall not adversely affect the interests of the holders of the Bonds; provided, however, that any change in the Tax Regulatory Agreement may only be made if in the opinion of Bond Counsel such change will not adversely affect the exclusion of interest on the Bonds from taxation.

Amendments to Financing Agreements Requiring Bondholder Consent

Except for the amendments, changes or modifications as discussed above, the Trustee shall not consent to or approve any other amendment, change or modification of any of the Financing Documents (other than the Indenture) without notice to and the written approval or consent of the Administration, the Borrower and the registered owners of not less than a majority of the Bonds. Upon the execution of any such amendment, the Financing Documents shall be and be deemed to be modified and amended in accordance therewith.

The Administration and the Trustee shall not consent to any amendment, change or modification of the Letter of Credit which would reduce the Bank's obligations to make payments thereunder without the consent of the holders of 100% of the Bond Obligation.

APPENDIX B-3
SUMMARY OF INTERCREDITOR AGREEMENT, BUILDING LOAN AGREEMENT AND DEEDS OF TRUST

THE DEEDS OF TRUST

The Series A Note and the Series B Note will each be secured by a separate Deed of Trust which create co-equal first liens on and a security interest in the Project. The Administration will conditionally assign its right (other than certain Reserved Rights) in the Series B Deed of Trust to the Letter of Credit Provider so long as the Letter of Credit Provider is not in default of its obligations under the Letter of Credit. The provisions summarized below are in each of the Deeds of Trust

Covenants Relating to the Project

The Deeds of Trust contain various covenants of the Borrower, including the ones summarized below:

(a) the Borrower will keep the Project in good, order, condition and repair;

(b) the Borrower may not, without the prior written approval of the Administration, sell, assign, encumber or otherwise transfer the Project or any part thereof, or permit the sale, assignment, transfer or encumbrance of the Project, or any part thereof, or permit any other lien against the Project except any subordinate lien approved by the Administration at the time of the initial closing of the respective Loan and except for transfers to (i) the Housing Authority in accordance with its purchase option in the Agreement of Limited Partnership of the Borrower and (ii) the Broadway Homes Resident Cooperative, Inc. under a Right of First Refusal in effect as of the date of the Deed of Trust, provided that such transfers are subject to the prior written consent of the Administration;

(c) permit the use of the dwelling units of the Project for any purpose except the use that was originally intended; and

(d) the Borrower shall pay (1) all taxes, water rents, assessments, public and private, and other governmental or municipal dues charges, levies and impositions which are or may be imposed upon the Project or on the Loan, together with all requirements for reserves as provided in the Deed of Trust, and (2) premiums for policies of fire and other property insurance required by the Deed of Trust.

Events of Default

The occurrence of any one or more of the following events shall be deemed an "Event of Default" under the Deed of Trust:

(a) The Borrower fails to make any payment on account of the principal sum of indebtedness secured under the Deed of Trust or interest thereon or of any monetary amount required to be paid under the Deed of Trust or the Note within 10 days of when the same is due and payable;

(b) The Borrower or the Housing Authority fails to observe or perform any one or more of the non-monetary terms, covenants or conditions contained in the Deed of Trust which failure is not rectified, or rectification of such failure is not (in the Administration's sole determination) commenced, within 10 days after written notice is given;

(c) The Borrower or any party on behalf of or against the Borrower (i) files any petition for relief under the Bankruptcy Code; (ii) files any petition initiating any State or Federal insolvency proceeding; (iii) initiates an assignment for the benefit of creditors or files any petition seeking judicial modification of the rights of the Administration; (iv) becomes insolvent under the Bankruptcy Code; (v) becomes unable to pay debts as they come due generally; or (vi) has a trustee or receiver appointed for the Project or the Borrower;

(d) The Borrower fails to observe or perform any one or more terms, covenants or conditions contained in the Building Loan Agreement, the Regulatory Agreement, the Agreement and Declaration of Covenants and Restrictions, or any document executed in connection with the Loan;

(e) if Borrower is a partnership, any general partner thereof sells, assigns, encumbers or otherwise transfers any partnership interest except as permitted in the Deed of Trust; or

(f) Any representation or warranty of the Borrower, or the Housing Authority in the Deed of Trust, the Note, the Building Loan Agreement or any other document or certificate executed in connection with the Loan or application for the Loan shall be untrue or become untrue;

(g) Condemnation or governmental appropriation of the Project subject to the terms of the Deed of Trust;

(h) The Project, or any part thereof, is sold, assigned or otherwise transferred without the prior written approval of the Administration and Bond Counsel for the Bonds used to fund the Loan, except as permitted in the Deed of Trust; and

(i) Borrower fails to make any payment on account of the principal sum of the indebtedness secured under, as to the Series A Deed of Trust, the Series B Deed of Trust or the Series B Note, and, as to the Series B Deed of Trust, the Series A Deed of Trust or the Series A Note, within ten (10) days of when the same is due and payable as therein.

Rights Upon Event of Default

Upon the occurrence of any Event of Default, the Administration may, at its option (whether or not declaring the whole indebtedness due and payable), do any or all of the following:

(a) Declare the entire amount of the indebtedness evidenced by the Note which is then unpaid, including any interest and other unpaid sums accruing thereunder, and any other amounts payable under the Deed of Trust or of any other document executed in connection therewith, to be immediately due and payable;

(b) Terminate the Borrower's license granted under the Deed of Trust and take possession of the Project;

(c) Cure any Event of Default without releasing the Borrower or the Housing Authority from any obligation under the Deed of Trust;

(d) Commence actions at law or in equity or by any other appropriate remedy (i) to enforce Administration's rights, (ii) to collect on any sum due under the Deed of Trust, (iii) to aid the execution of any power granted in the Deed of Trust, (iv) to foreclose the Deed of Trust, or (v) to sell the Project; or

(e) Use, convert to cash, dispose of, transfer, sell or assign any reserves, deposits or escrows, including letters of credit, for the construction, maintenance, protection or preservation of the Project or the Loan.

Application of Proceeds of Sale of Project

In the case of any sale of the Project, the proceeds thereof shall be applied as follows:

FIRST, to pay all proper costs, charges, attorney's fees and expenses, and to repay to the Administration all moneys advanced by the Administration.

SECOND, to pay whatever may then remain unpaid of the principal indebtedness and interest thereon under the Deed of Trust.

THIRD, to pay the remainder of the proceeds, if any, less the expense of obtaining possession, if any, to the Borrower, the Housing Authority or other party lawfully entitled to receive the same.

THE INTERCREDITOR AGREEMENT

The Intercreditor Agreement will be entered into among the Borrower, the Housing Authority, the Administration, the Department, the Mayor and City Council of the City of Baltimore, SunTrust Bank, and SunTrust Community Development Corporation, Mid-Atlantic. It sets forth the Agreement of the parties as to (i) the manner and method of funding and disbursing the proceeds of all of the loans secured by the deeds of trust described below, (ii) the manner and method of inspecting and monitoring the construction of the Project, (iii) the respective lien priorities of the deeds of trust securing such loans, and (iv) certain other matters.

Lien Priorities

The parties to the Intercreditor Agreement acknowledge that (i) the Series A Deed of Trust and the Series B Deed of Trust shall constitute co-equal first liens on the Project, (ii) the deed of trust securing the obligations of the Borrower to the Letter of Credit Provider shall constitute a second lien on the Project, (iii) the Line of Credit deed of trust shall constitute a third lien on the Project, (iv) the HABC Loan deed of trust shall constitute a fourth lien on the Project, (v) the City Loan deed of trust shall constitute a fifth lien on the Project, (vi) the PRHP Loan deed of trust shall constitute a sixth lien on the Project, and (vii) the AHP Loan deed of trust shall constitute a seventh lien on the Project.

This lien priority shall govern the distribution of proceeds of any sale, transfer or other liquidation of the Project by foreclosure or otherwise, any rents and other profits attributable to the Project and the distribution of proceeds from any casualty or other insurance covering the Project and any condemnation awards relating to the Project. All proceeds to be distributed shall be applied to the debt secured by the deeds of trust in order of their lien priority.

THE BUILDING LOAN AGREEMENT

The Building Loan Agreement sets for the manner and method of funding and disbursing the proceeds of the Series A Bond Loan, the Series B Bond Loan and the PRHP Loan, of inspecting and monitoring the construction of the Project, and certain related matters concerning the Loans. Disbursement of the proceeds of the Loans will be made in accordance with a project draw schedule agreed to by the parties and attached to the Building Loan Agreement indicating the anticipated amount and date of each draw of proceeds of the Loans during the construction of the Project. A default under the Building Loan Agreement creates a default under the other Loan Documents.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

June 25, 2002

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

$8,100,000	**$5,045,000**
Multifamily Development Revenue Bonds	**Multifamily Development Revenue Bonds**
(Broadway Homes Project)	**(Broadway Homes Project)**
Series 2002 A	**Series 2002 B**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), in connection with the issuance and sale of $8,100,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Broadway Homes Project), Series 2002 A (the "Series 2002 A Bonds") and $5,045,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Broadway Homes Project), Series 2002 B (the "Series 2002 B Bonds," and, collectively with the Series 2002 A Bonds, the "Bonds").

The Bonds are being issued under and pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act") and in accordance with the terms and provisions of, in the case of the Series 2002 A Bonds, the Series 2002 A Trust Indenture dated as of June 1, 2002 (the "Series 2002 A Indenture") and, in the case of the Series 2002 B Bonds, the Series 2002 B Trust Indenture dated as of June 1, 2002 (the "Series 2002 B Indenture," and, collectively with the Series 2002 A Indenture, the "Indentures"), each by and between the Administration and Allfirst Bank, as Trustee. The Director of the Administration determined, pursuant to Section 2-206(c) of the Act, that the issuance of the Bonds is necessary to achieve one or more purposes of the Administration, and such determination was approved by the Secretary of Housing and Community Development. Capitalized terms used in this opinion and not otherwise defined in this opinion shall have the meanings set forth in the Indentures or the Act.

Applicable Federal tax law establishes certain requirements which must be met subsequent to the delivery of the Bonds in order to assure that interest on the Bonds will be and will remain excludable from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Administration has covenanted in the Indentures to at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest on the Bonds will be and will remain excludable from gross income for Federal income tax purposes. The Administration has also delivered a certificate dated the date of this opinion containing representations, provisions and procedures relating to compliance with the requirements of the Code. Noncompliance by the Administration with such provisions and procedures may require the inclusion of interest on the Bonds in gross income for Federal income tax purposes retroactive to the date of issuance, regardless of when such noncompliance occurs or is discovered. In rendering this opinion, we have assumed compliance by the Administration with the aforementioned covenant and representations, provisions and procedures set forth in the aforementioned certificate.

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

LETTER OF CREDIT PROVIDER

The information contained in this Appendix D to the Official Statement has been obtained from SunTrust Banks, Inc. ("SunTrust") and is not to be construed as a representation by the Issuer or the Borrower.

SunTrust offers a full line of financial services for consumers and businesses. SunTrust serves more than 3.7 million customer households through a regional organizational structure that encompasses more than 1,100 branches and 1,900 ATMs in six states - Alabama, Florida, Georgia, Maryland, Tennessee and Virginia - plus the District of Columbia. SunTrust also offers 24-hour delivery channels including internet and telephone banking. In addition to traditional deposit, credit and trust and investment services offered by SunTrust, other SunTrust subsidiaries provide mortgage banking, commercial and auto leasing, credit-related insurance, asset management, discount brokerage and capital market services. Displayed below is financial information for SunTrust Bank for the year ended December 31, 2001 and comparative historical financial information for the quarters ended March 31, 2001 and 2002.

FINANCIAL SUMMARY
(Dollars in thousands)

	SunTrust Bank Year Ended 12/31/2001	**SunTrust Bank** Quarter Ended March 31, 2002	2001
Net Income	$1,365,416	$318,679	$327,526
Tier I risk-based capital ratio	7.83%	7.93%	8.11%
Tier I and II risk-based capital ratio	11.00%	11.26%	10.94%
Leverage capital ratio	7.81%	7.78%	7.90%
Balance Sheet Data (period end):			
Loans	$72,666,507	$73,180,809	$71,664,518
Assets	102,377,306	103,675,077	100,442,885
Deposits	67,995,077	69,883,867	63,016,720
Realized shareholder's equity	7,738,845	7,666,703	7,800,957
Net unrealized gains on securities	948,204	986,042	961,450
Total shareholder's equity	$8,687,049	$8,652,745	$8,762,407

Loan Performance Data:

Allowance for loan losses at period end	$848,741	$908,250	$854,744
As a percentage of period end loans	1.17%	1.24%	1.19%
Net loans charged off	$266,522	$117,028	$65,580
Non-performing loans at period end	$553,621	$530,770	$346,319
As a percentage of period end loans	0.76%	0.73%	0.48%

SunTrust is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). The file number of SunTrust with the Commission is No. 1-8918. Such reports, proxy statements and other information can be inspected and copied at the Public Reference Room of the Commission, Room 2120, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D. C. 20549, and at the Commission's Regional Offices in Chicago (Room 1204, Everett McKinley Dirkson Building, at 219 South Dearborn Street, Chicago, Illinois 60604), and New York (Room 1100, 26 Federal Plaza, New York, New York 10278). Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, D. C. 20549 at prescribed rates.

The following documents of SunTrust filed with the Commission by SunTrust are incorporated herein by reference as of their respective dates:

(a) The Annual Report on Form 10-K for the year ended December 31, 2001;

(b) The Report on Form 8-K filed on February 19, 2002;

(c) The Report on Form 8-K/A filed on March 20, 2002;

(d) The Quarterly Report on Form 10-Q for the quarter ended March 31, 2002;

(e) The Report on Form 10-K/A filed on April 9, 2002; and

(f) The Report on Form 10-K/A filed on May 16, 2002.

All documents filed by SunTrust pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 subsequent to the date of the most recent Quarterly Report on Form 10-Q and prior to the termination of the offering hereunder shall be deemed to be incorporated by reference into this Appendix D and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

SunTrust has agreed, upon request, to provide without charge to each person to whom a copy of this Official Statement has been delivered, upon written or oral request of such person, a copy of any or all of the documents which have been or may be incorporated in this Appendix D by reference. Any such request should be directed to:

SunTrust Banks, Inc.
Post Office Box 4418
Atlanta, Georgia 30302
Attention: Raymond D. Fortin, Secretary
Telephone: (404) 588-7165

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APPENDIX E

INVESTMENT PROVIDER

The information contained in this Appendix E to the Official Statement has been obtained from Bayerische Landesbank Girozentrale and is not to be construed as a representation by the Issuer or the Borrower.

Bayerische Landesbank Girozentrale (the "Bank") was incorporated as a public law financial institution (Rechtsfaehige Anstalt des Oeffentlichen Rechts) by the Law Establishing Bayerische Landesbank Girozentrale (Gesetz ueber die Errichtung der Bayerischen Landesbank Girozentrale) of June 27, 1972, as amended, as adopted by the Parliament of the Free State of Bavaria, and is subject to the German Federal Banking Act of July 10, 1961, as amended (Gesetz ueber das Kreditwesen) (the "Federal Banking Act"). Its statutes authorize the Bank to provide universal financial services including both commercial and investment banking as well as brokerage activities. The Free State of Bavaria owns 50% of the Bank's share capital, the other 50% being owned by the Bavarian Savings Bank and Clearing Association (Bayerischer Sparkassen-und Giroverband) (which is the central organization of the Bavarian Savings Banks).

The Bank is equipped to provide a full range of domestic and international banking services; with regard to local banking functions, the Bank also makes use of the Bavarian Savings Bank's network. In the domestic field, the Bank places emphasis on wholesale banking, lending to federal and local authorities and mortgage lending, together with industrial credit. The Bank holds the function of a banker of the Free State of Bavaria and its municipalities, and also finances public and private development projects, administers public funds and performs certain treasury functions for the Free State of Bavaria.

The Free State of Bavaria and the Bavarian Savings Bank and Clearing Association are jointly and severally liable for the obligations of the Bank if the liabilities cannot be satisfied from the Bank's assets (Gewaehrtraeger). The owners of the Bank also have an obligation to maintain the Bank in a financial position which enables it to carry out its functions. This liability (Anstaltslast), which is peculiar to German law, obliges the owners to provide funds for the Bank that are necessary to enable it to fulfill its functions, to meet its liabilities and to keep its finances sound. As an additional safeguard, it is noted that as a public law institution the Bank can only be put into liquidation through a specific law to this effect.

The Bank established a Representative Office in New York in October 1979 and obtained a license from the office of the Comptroller of the Currency in October 1981 to operate through a branch located in the City of New York.

The New York Branch engages in a diversified banking business, and is a major wholesale lending participant throughout the United States, offering a full range of domestic and international financial services, including loans, foreign exchange and money market operations.

All banking institutions in the Federal Republic of Germany are subject to governmental supervision and regulation exercised by the Federal Banking Supervisory Authority (Bundesaufsichtsamt fuer das Kreditwesen), an independent federal authority with regulatory powers and by the Deutsche Bundesbank (the "German Federal Central Bank") in accordance with the Federal Banking Act. The Federal Banking Act contains major rules for banking supervision and regulates the Bank's business activities, capital adequacy and liquidity. In addition to the above-mentioned general banking supervision, the group of Landesbanks is subject to special supervision by their respective federal states.

As reported in the Bank's Annual Report for the Fiscal Year ended December 31, 2000, the Bank had total assets of EURO ("EUR") 285.5 billion (EUR 305.0 billion on a consolidated basis). Business volume (balance sheet total, own drawings charged to borrowers, endorsement liabilities, and guarantees) expanded by 8.9% to EUR 304.3 billion from the previous year end. The Bank's consolidated lending volume increased by EUR 9.3 billion to EUR 203.2 billion from year end 1999. Total equity of the Bank, including, among other items, nominal capital of EUR 0.97 billion, profits participation rights with a nominal value of EUR 2.57 billion and capital contributions of silent partners in an amount of EUR 2.75 billion, totaled EUR 10.3 billion or 3.6 % of the unconsolidated balance sheet. Net income after tax amounted to EUR 493.0 million, an increase of 7.8% compared to year end 1999. EUR 425 million of such amount has been allocated to revenue reserves, raising the bank's published reserve to EUR 3.91 billion. The accounting principles applied in the preparation of the Bank's financial statements comply with generally accepted accounting principles in the Federal Republic of Germany and may not conform to generally accepted accounting principles applied by United States banks.

The rate of exchange between the EUR and the dollar is determined by the forces of supply and demand in the foreign exchange markets, which, in turn, are affected by changes in the balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The foregoing information relating to the Bank is based upon facts and circumstances present on the dates referenced above. Such facts and circumstances may change from time to time. The Bank shall have no obligation to update the foregoing information to reflect any such change.

Copies of the Bank's Annual Report for the most recent available fiscal year may be obtained at the New York Branch in person during normal business hours or by mail by writing to the New York Branch at: Bayerische Landesbank Girozentrale, 560 Lexington Avenue, New York, New York 10022, Attention: Corporate Finance.

The Bank has supplied the information relating to it in the previous paragraphs. The Bank does not accept responsibility for any information contained in this Official Statement other than the information contained in this Appendix E relating to the Bank.

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