

BOOK-ENTRY ONLY

In the opinion of Bond Counsel, assuming compliance with certain covenants in the Bond Resolutions intended to assure compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended, and subject to the exceptions under "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein, interest on the 2013 Series A Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the 2013 Series A Bonds is exempt from individual and corporate federal alternative minimum tax ("AMT"), and is not includable in adjusted current earnings for purposes of corporate AMT. A discussion of the requirements for, the extent of and exceptions to such exclusion is contained under "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein. In the opinion of Bond Counsel, the 2013 Series A Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State of Maryland or by any of its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes.

\$55,987,759



**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
Single Family Housing Revenue Bonds
2013 Series A (Pass-Through Program) (Non-AMT)**

Interest From: Date of Delivery

Due: As shown below

This Official Statement (the "Official Statement") sets forth information with respect to the Community Development Administration (the "Administration"), a unit of the Division of Development Finance of the Maryland Department of Housing and Community Development (the "Department"), and the issuance of its Single Family Housing Revenue Bonds 2013 Series A (Pass-Through Program) (Non-AMT) (the "2013 Series A Bonds"). The 2013 Series A Bonds are being offered pursuant to this Official Statement. The 2013 Series A Bonds are issuable only as fully registered bonds and initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2013 Series A Bonds.

Purchases of the 2013 Series A Bonds will be in book-entry form only, initially in authorized denominations of \$1.00, or any integral multiple thereof. Interest on the 2013 Series A Bonds is, except as otherwise provided herein, payable on the first day of each month, commencing on October 1, 2013, by the Trustee to DTC. DTC is to remit such payments to participating financial organizations for subsequent disbursement to beneficial owners of the 2013 Series A Bonds.

The 2013 Series A Bonds are subject to redemption prior to maturity at the times and under the conditions set forth herein. See "THE 2013 Series A Bonds" herein.

Proceeds of the 2013 Series A Bonds will be made available for use by the Trustee, on behalf of the Administration, to purchase undivided participation interests (the "2013 Series A Participations") in (i) mortgage loan pass-through certificates (the "Related GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA") and (ii) mortgage loan pass-through certificates (the "Related FNMA Certificates" and together with the Related GNMA Certificates, the "Related MBS Certificates") guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association ("Fannie Mae").

Manufacturers and Traders Trust Company, a New York banking corporation with trust powers and having a corporate trust office in Baltimore, Maryland, is the Trustee.

The 2013 Series A Bonds are special obligations of the Administration payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The 2013 Series A Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State of Maryland, any such political subdivision, the Administration or the Department.

\$55,987,759 4.00% 2013 Series A Bonds due July 1, 2043 – Price 100% CUSIP Number 57419RGH2

The 2013 Series A Bonds are offered for delivery when, as and if issued, subject to the opinion of Ballard Spahr LLP, Washington, D.C., Bond Counsel, as to the validity of the 2013 Series A Bonds and the excludability from gross income of interest thereon for federal income tax purposes. Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland and Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel Kutak Rock LLP, Atlanta, Georgia. It is expected that the 2013 Series A Bonds will be delivered in book-entry form through the facilities of DTC in New York, New York on or about August 28, 2013.

BofA Merrill Lynch

RBC Capital Markets

J.P. Morgan

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

August 13, 2013

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 2013 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Administration and by other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the Administration to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein speak only as of the date hereof and 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 since the date hereof.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2013 SERIES A BONDS OR OF ANY OTHER BONDS OF THE ADMINISTRATION AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2013 SERIES A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT
of the
COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Relating to
\$55,987,759
Single Family Housing Revenue Bonds
2013 Series A (Pass-Through Program) (Non-AMT)

INTRODUCTION

The purpose of this Official Statement (this “Official Statement”), which includes the cover page, the inside cover page (including the maturity schedule) and the Appendices, is to set forth information in connection with the issuance and sale by the Community Development Administration (the “Administration”), a unit of the Division of Development Finance of the Department of Housing and Community Development (the “Department”), a principal department of the State of Maryland (the “State”), of its \$55,987,759 Single Family Housing Revenue Bonds, 2013 Series A (Pass-Through Program) (Non-AMT) (the “2013 Series A Bonds”).

Proceeds of the 2013 Series A Bonds will be used by the Trustee on the date of issuance thereof, on behalf of the Administration, to purchase undivided participation interests (the "2013 Series A Participations") in (i) mortgage loan pass-through certificates (the “Related GNMA Certificates”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”) and (ii) mortgage loan pass-through certificates (the “Related FNMA Certificates” and together with the Related GNMA Certificates, the "Related MBS Certificates") guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association (“Fannie Mae”). See "APPLICATION OF THE PROCEEDS OF THE 2013 SERIES A BONDS" herein and Appendix L – "SCHEDULE OF RELATED MBS CERTIFICATES". Except for certain limited instances, the Administration has covenanted to use proceeds of any series of Bonds (as defined below) solely to purchase fully modified mortgage loan pass-through certificates (“MBS Certificates”) guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or Freddie Mac. See "SECURITY FOR THE BONDS – Program Assets" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The information contained under this caption is qualified by reference to the entire Official Statement. This introduction is only a brief description of the Official Statement and potential investors should review the entire Official Statement, as well as the documents summarized or described herein, in order to make an informed investment decision. All terms not otherwise defined herein shall have the meanings set forth in Appendix C – “DEFINITIONS”.

Authorization

The 2013 Series A Bonds will be issued pursuant to (i) Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the “Act”), (ii) a Single Family Housing Revenue Bond Resolution providing for the issuance of Single Family Housing Revenue Bonds adopted by the Administration as of December 1, 2009 (the “Bond Resolution”), and accepted by Manufacturers and Traders Trust Company, as trustee (the “Trustee”), and (iii) a Series Resolution providing for the Issuance and Sale of Single Family Housing Revenue Bonds 2013 Series A (Pass-Through Program) (Non-AMT) that will be adopted by the Administration prior to the issuance of the 2013 Series A

Bonds (the “2013 Series A Resolution”). The Bond Resolution and the 2013 Series A Resolution are collectively called the “Bond Resolutions”.

Bonds Issued Under Bond Resolution

On January 12, 2010, the Administration issued \$154,290,000 of Single Family Housing Revenue Bonds (the “NIBP Bonds”) pursuant to the Bond Resolution and the Series Resolution Providing for the Issuance and Sale of Single Family Housing Revenue Bonds 2009 Series A, including the Appendix to the Resolution Relating to New Issue Bond Program attached thereto (the “NIBP Appendix”), adopted by the Administration as of December 1, 2009, as amended (the “NIBP Resolution”). The NIBP Bonds were placed pursuant to the New Issue Bond Program of the Housing Finance Agency Initiative announced October 19, 2009 (the “NIBP”) by the United States Department of the Treasury (the “Treasury”). Under the NIBP, proceeds of the NIBP Bonds initially were credited to an escrow fund and held pursuant to the NIBP (the “NIBP Escrow Fund”). In order to release the NIBP Proceeds from the NIBP Escrow Fund the Administration reissued corresponding portions of NIBP Bonds as three series of tax-exempt bonds designated as Single Family Housing Revenue Bonds with the respective series designations of 2009 Series A-1, 2009 Series A-2 and 2009 Series A-3 (together, the “NIBP Program Bonds”) in the original aggregate principal amount of \$154,290,000, of which \$154,290,000 were outstanding as of April 1, 2013. In conjunction with the reissuance of the NIBP Program Bonds, the Administration caused to be issued three additional series of bonds under the Bond Resolution designated as Single Family Housing Revenue Bonds with the respective series designations of 2011 Series A, 2011 Series B and 2011 Series C (together, the “NIBP Market Bonds” and together with the NIBP Bonds, the “Prior Bonds”) in the original aggregate principal amount of \$102,865,000, of which \$95,845,000 were outstanding as of April 1, 2013. As of the date of this Official Statement, the only Bonds (defined below) that have been issued under the Bond Resolution are the NIBP Program Bonds and the NIBP Market Bonds, of which \$250,135,000 were outstanding as of April 1, 2013.

Proceeds of the Prior Bonds were used to purchase GNMA Certificates. Proceeds of certain Prior Bonds in the amount \$16,134,458.03 remain on deposit in the Program Fund, which amount the Administration expects to use, along with a portion of the proceeds of the 2013 Series A Bonds, to purchase certain of the Related GNMA Certificates. See “APPLICATION OF THE PROCEEDS OF THE 2013 SERIES A BONDS”.

The 2013 Series A Bonds are secured as to both principal and interest by the pledge and lien of the Bond Resolution described herein under “SECURITY FOR THE BONDS”.

The Bond Resolution provides for the issuance of Additional Bonds, which will be on parity with the Prior Bonds and the 2013 Series A Bonds, and will be equally and ratably secured under the Bond Resolution. See “SECURITY FOR THE BONDS – Additional Bonds” herein. The Prior Bonds and the 2013 Series A Bonds, together with any Additional Bonds issued under the Bond Resolution, are referred to collectively as the “Bonds”. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.” No assurance can be provided whether the Administration will issue Additional Bonds under the Bond Resolution after the issuance of the 2013 Series A Bonds.

The Bonds are special obligations of the Administration, payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

Purpose of Bond Resolution

The Administration adopted the Bond Resolution pursuant to the Act to finance single family housing loans under the Single Family Housing Revenue Bond Program (the “Program”). The Administration may

finance under the Bond Resolution MBS Certificates (or portions of or participations therein), and in certain limited instances may finance whole single family housing loans. See “SECURITY FOR THE BONDS” and Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION”.

Other Single Family Program Bonds of the Administration

Since August 21, 1997, the Administration has issued bonds for its single family program primarily pursuant to the Residential Revenue Bond Resolution authorizing the issuance of Residential Revenue Bonds adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005 (the “Residential Revenue Bond Resolution”). As of March 31, 2013, \$1,888,820,000 in aggregate principal amount of bonds were outstanding under the Residential Revenue Bond Resolution. **Bonds issued under the Bond Resolution are not secured by or payable from the assets of the Residential Revenue Bond Resolution.**

Use of Proceeds of the Bonds

The Bond Resolution authorizes the Administration to issue Bonds to provide funds to finance or refinance mortgage loans, or portions of or participations in mortgage loans (“Mortgage Loans”), to finance or refinance the purchase of owner-occupied single family residences by persons or families of limited incomes, to refund Bonds or other obligations (including bonds issued by the Administration under resolutions other than the Bond Resolution), to fund reserves, to pay Costs of Issuance (as defined herein) or to achieve any other of the Administration’s purposes. Mortgage Loans must meet the requirements set forth in the Bond Resolution and any Series Resolution adopted in connection therewith. Program Assets may include, without limitation, whole loans (with or without Credit Enhancement), including Mortgage Loans, and MBS Certificates, provided the Administration has covenanted to use proceeds of any series of Bonds solely to purchase MBS Certificates (except for in certain limited instances where the Administration has obtained a rating confirmation). See “SECURITY FOR THE BONDS – Program Assets” herein.

The funds made available from the issuance of the 2013 Series A Bonds will be used on the date of issuance of the 2013 Series A Bonds to finance Mortgage Loans through the purchase by the Trustee on behalf of the Administration of the 2013 Series A Participations representing undivided participation interests in the Related MBS Certificates. See “APPLICATION OF THE PROCEEDS OF THE 2013 SERIES A BONDS.”

The 2013 Series Resolution contains Series Program Determinations (as defined herein) for the 2013 Series A Bonds, which provide for the financing of Mortgage Loans through the purchase of GNMA Certificates and Fannie Mae Certificates.

Brief descriptions of the 2013 Series A Bonds and the security for the Bonds are included in this Official Statement. Descriptions of the Department and the Administration, the Program, the definitions of certain terms and the summary of certain provisions of the Bond Resolutions are included as Appendices A, B, C and D, respectively. Appendix E contains certain information regarding the outstanding indebtedness of the Administration. **The outstanding indebtedness set forth in Appendix E under “Other Outstanding Bonds of the Administration” is not secured under the Bond Resolution.** Summaries of the GNMA, Fannie Mae and Freddie Mac Mortgage-Backed Securities Programs are included in Appendices F, G and H, respectively. A summary of the FHA Mortgage Insurance Program, the VA Home Loan Guaranty Program, and the USDA/RD Mortgage Guarantee Program is included as Appendix I. The financial statements of the Administration’s Single Family Housing Revenue Bonds and the proposed form of the opinion of the Bond Counsel are included in Appendices J and K respectively. A schedule of the Related MBS Certificates is included in Appendix L. A description of the Depository Trust Company and Book-Entry is included in Appendix M. **The Appendices to this Official Statement constitute a part of this Official Statement and contain information which any potential investor should read in order to make an informed investment decision.**

Information concerning the 2013 Series A Bonds, the Prior Bonds, NIBP, and the Administration and descriptions of certain provisions of the Act, the 2013 Series A Bonds, the Prior Bonds and the Bond Resolutions are included in this Official Statement. All summaries herein of any statute, agreement or document are qualified in their entirety by reference to such statute, agreement or document, and all summaries of the 2013 Series A Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Bond Resolutions. Copies of the Bond Resolutions and the Act are available for inspection at the offices of the Administration at 100 Community Place, Crownsville, Maryland 21032-2023. Requests to inspect copies of the Bond Resolutions and the Act should be directed to Investor Relations at (410) 514-7326 or by e-mail at cda_bonds@dhcd.state.md.us.

APPLICATION OF THE PROCEEDS OF THE 2013 SERIES A BONDS

Application of Proceeds

The Administration will deposit from the proceeds of the sale of the 2013 Series A Bonds, \$55,987,759 into the Program Fund established pursuant to the Bond Resolutions. On the issuance date of the 2013 Series A Bonds, the Administration will make an additional deposit of \$0.52 (the "Administration Deposit") into the Program Fund from other available moneys. The Administration will direct the Trustee to use funds made available from the issuance of the 2013 Series A Bonds, together with the Administration Deposit, to finance Mortgage Loans through the purchase by the Trustee on behalf of the Administration of the 2013 Series A Participations on the date of issuance of the 2013 Series A Bonds. The 2013 Series A Participations will be undivided participation interests in the Related MBS Certificates. The principal percentage allocable to each 2013 Series A Participation is equal to 61.40% of the outstanding principal amount of the Related MBS Certificates. One hundred percent (100%) of the interest received on each Related MBS Certificate will be allocated to the 2013 Series A Participations.

The Administration will use the full principal amount received from the sale of the 2013 Series A Bonds, together with the Administration Deposit, to purchase the 2013 Series A Participations. The Administration will fund costs of issuance relating to the 2013 Series A Bonds, including underwriters' compensation relating to the 2013 Series A Bonds, from other available moneys.

Related MBS Certificates

The Related MBS Certificates are comprised of both the Related GNMA Certificates and the Related FNMA Certificates.

A portion of the Related GNMA Certificates will be purchased with proceeds of the 2013 Series A Bonds and proceeds of certain Prior Bonds ("Prior Bond Proceeds"). The participation interest in such Related GNMA Certificates purchased with Prior Bond Proceeds are pledged as security for all of the Bonds outstanding under the Bond Resolution; however, (i) the scheduled principal and Prepayments of the Related GNMA Certificates allocated to the Prior Bonds will be applied as directed in the series resolution of the Administration relating to such Prior Bonds and (ii) the scheduled principal and Prepayments of the Related GNMA Certificates allocated to the 2013 Series A Bonds will be applied as set forth under "THE 2013 SERIES A BONDS - Principal Payment and Redemption Provisions". Principal and interest received by the Trustee on such Related GNMA Certificates will be distributed such that the 2013 Series A Participations will receive 61.40% of the principal amount of each Related GNMA Certificate and one hundred percent (100%) of the interest.

The remaining portion of the Related GNMA Certificates will be purchased with proceeds of the 2013 Series A Bonds and certain proceeds held under the Residential Revenue Bond Resolution ("RRB Proceeds"). The participation interests in such Related GNMA Certificates purchased with the RRB Proceeds (the "RRB GNMA Participations") are not pledged as security for the Bonds. Such Related GNMA Certificates will be held by the Trustee pursuant to the Agreement of Participation dated as of October 1, 2011 (the "Participation

Agreement"), among the Administration, the Trustee and Manufacturers and Traders Trust Company, as trustee under the Residential Revenue Bond Resolution (the "RRB Trustee"). Principal and interest received by the Trustee on such Related GNMA Certificates will be distributed pursuant to the Participation Agreement such that the 2013 Series A Participations will receive 61.40% of the principal amount of each Related GNMA Certificate and one hundred percent (100%) of the interest.

The Related FNMA Certificates will be purchased with proceeds of the 2013 Series A Bonds and certain RRB Proceeds. The participation interests in the Related FNMA Certificates purchased with the RRB Proceeds (the "RRB FNMA Participations") are not pledged as security for the Bonds. The Related FNMA Certificates will be held by the Trustee pursuant to the Participation Agreement. Principal and interest received by the Trustee on the Related FNMA Certificates will be distributed pursuant to the Participation Agreement such that the 2013 Series A Participations will receive 61.40% of the principal amount of each Related FNMA Certificate and one hundred percent (100%) of the interest.

The pool numbers and other characteristics of the Related MBS Certificates are identified in Appendix L – "SCHEDULE OF RELATED MBS CERTIFICATES".

THE 2013 SERIES A BONDS

General Description

The 2013 Series A Bonds are issuable only as fully registered bonds initially in authorized denominations of \$1.00, or any integral multiple thereof. The 2013 Series A Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), who shall act as securities depository for such 2013 Series A Bonds. So long as DTC or Cede & Co. is the registered owner of the 2013 Series A Bonds, payments of principal, redemption price, purchase price and interest with respect to the 2013 Series A Bonds are to be made directly to DTC by the Trustee, or its successors, as Trustee. Disbursements of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants as more fully described herein. See "APPENDIX M—THE DEPOSITORY TRUST COMPANY AND BOOK-ENTRY" herein.

The 2013 Series A Bonds will mature as set forth on the cover page of this Official Statement. The 2013 Series A Bonds will bear interest from the date of delivery at the rate shown on the cover page of this Official Statement, payable on the first day of each month (the "Scheduled Interest Payment Date"), commencing October 1, 2013, and in respect of any 2013 Series A Bond to be redeemed, on the redemption date. Interest on the 2013 Series A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the Scheduled Interest Payment Date, whether or not a Business Day.

Principal Payment and Redemption Provisions

Mandatory Payment from Scheduled Principal Payments and Prepayments

The 2013 Series A Bonds are subject to mandatory payment, in whole or in part, at the principal amount thereof plus accrued interest to the payment date, without premium, on the first day of each month, commencing October 1, 2013, from amounts representing scheduled principal payments and Prepayments of the 2013 Series A Participations (the "2013 Series A Principal Payments") received in the prior month. Any such mandatory payment will be applied to the 2013 Series A Bonds pro rata, in proportion to the outstanding principal amount of the 2013 Series A Bonds being paid to the aggregate outstanding principal amount of all 2013 Series A Bonds, notwithstanding any provisions of the Bond Resolution requiring selection by lot. To effect such pro rata payment while the 2013 Series A Bonds are held in the DTC book entry only system, such

mandatory payment will be made as a “Pro Rata Pass Through Distribution of Principal” by DTC. Such payment procedure, if effected by DTC, will cause a pro rata payment of the 2013 Series A Bonds among DTC Participants but may not ensure a pro rata payment among all beneficial owners of the 2013 Series A Bonds. A general description of the DTC book entry only system is contained in Appendix M.

The following table sets forth the projected weighted average life that the 2013 Series A Bonds will be Outstanding ("Average Life") based upon various rates of prepayments for the Mortgage Loans underlying the Related MBS Certificates at certain percentages of the Securities Industry and Financial Markets Association standard prepayment model (the "SIFMA Model") and certain assumptions related to such Mortgage Loans, including the assumption that (1) the 2013 Series A Participations are purchased with the proceeds of the 2013 Series A Bonds on the closing date of the 2013 Series A Bonds, (2) all Mortgage Loans underlying the Related MBS Certificates prepay at the same prepayment speed regardless of their coupon, and (3) the 2013 Series A Bonds are not redeemed pursuant to an optional redemption as described below under "*Optional Redemption; Redemption Protection*".

Percent of SIFMA Standard Prepayment Model	Average Life (Years)
0%	17.15
25%	14.89
50%	13.04
75%	11.52
100%	10.27
150%	8.34
200%	6.97
250%	5.96
300%	5.20
400%	4.14
500%	3.45
600%	2.96
700%	2.60

Actual events may be different than the events assumed in determining the above tables. Therefore, the weighted average life of the 2013 Series A Bonds may differ from any of the weighted average lives stated above.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid, weighted by the amount of such installment. The weighted average life of the 2013 Series A Bonds will be influenced by, among other factors, the rate at which the 2013 Series A Principal Payments are received.

Optional Redemption; Redemption Protection

The 2013 Series A Bonds are subject to redemption prior to maturity, at the option of the Administration, in whole or in part, at any time on or after October 1, 2023 (the "First Optional Redemption Date"), from any source of funds, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest, if any, to but not including the redemption date.

Prior to the First Optional Redemption Date, the 2013 Series A Bonds are not subject to redemption from any funds (including any Revenues related to other Series of Bonds), other than payment from the scheduled principal payments and Prepayments of the 2013 Series A Participations as set forth above under "*Mandatory Payment from Scheduled Principal Payments and Prepayments*".

Notice of Redemption

No notice of early payment or redemption will be given with respect to the mandatory payment of the 2013 Series A Bonds as set forth above under "*Mandatory Payment from Scheduled Principal Payments and Prepayments*".

With respect to optional redemptions, if fewer than all of the 2013 Series A Bonds of like maturity are to be redeemed and are no longer held in book-entry form, the Administration will determine the particular 2013 Series A Bonds or portions thereof to be called for redemption. The Trustee will mail notice of the redemption to the registered owners of any 2013 Series A Bonds or portions thereof to be redeemed not less than 15 days (or, in the case of 2013 Series A Bonds then registered under DTC's book-entry-only system of registration, 30 days) nor more than 90 days before any date upon which 2013 Series A Bonds may be redeemed at their last addresses appearing upon the registration books. Such notice by mail is sufficient and published notice of the call for redemption need not be given. The notice of redemption may be conditional. If conditional, the notice will set forth the conditions precedent to such redemption and if such conditions have not been met prior to the redemption date, such notice will be of no force and effect. Notice otherwise having been provided, the 2013 Series A Bonds designated in the notice will become due and payable at the applicable redemption price, plus interest accrued to the redemption date. On and after the redemption date, such 2013 Series A Bonds will cease to bear interest and such 2013 Series A Bonds will no longer be considered as outstanding under the Bond Resolution.

SECURITY FOR THE BONDS

Provisions of Bond Resolution

Pursuant to the Bond Resolution, the Administration has pledged to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds a pledge of and lien on:

- (1) all proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds);
- (2) the Administration's right, title and interest in and to all Program Assets financed from such proceeds;
- (3) all Revenues;
- (4) all money, investments and other assets held in the funds and accounts established by or pursuant to the Bond Resolutions and the earnings thereon, except for any money, investments, assets or income held in the Rebate Fund or in any fund or account created by a Series Resolution or a Supplemental Resolution which provides that such fund or account shall not be subject to the lien of the Bond Resolution; and
- (5) any and all other property of every description and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred to the Trustee as and for additional security under the Bond Resolution by the Administration or by anyone on its behalf or with its written consent.

The pledge and security interest are subject to (i) the power of the Administration to direct the withdrawal of amounts from such funds and accounts free and clear of such pledge and security interest upon the conditions provided in the Bond Resolutions subject to the filing of a Cash Flow Certificate, (ii) other specific limitations set forth in the Bond Resolutions and (iii) with respect to one or more Series of Bonds, the power of the Administration to grant a lien on the same property and rights (or any portion thereof) on a parity with the lien granted to the Trustee for the benefit of the owners of the Bonds (provided, however, any funds,

assets or other property pledged to or for the benefit of the Credit Enhancer or Credit Facility Provider shall be available to the Credit Enhancer or Credit Facility Provider only after it has made payment under the Credit Enhancement or Credit Facility, as appropriate) and to exclude all moneys deposited into any fund or account with respect thereto from the pledge to the Trustee securing payment of the Bonds or to limit such pledge. Moneys necessary to pay arbitrage rebate, if any, to the United States are administered outside of, and are not subject to the lien of, the Bond Resolution. For a description of the provisions of the Bond Resolutions for releasing of moneys or other assets from the lien of the Bond Resolution, see “SECURITY FOR THE BONDS – Cash Flow Statements and Certificates.”

The pledge made and security interests granted by the Bond Resolution and the covenants and agreements therein set forth are for the equal benefit, protection and security of holders of all Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other except as expressly provided or permitted herein.

The Bonds are special obligations of the Administration payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

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

Program Assets

The Administration will use funds made available from the issuance of the 2013 Series A Bonds to finance Mortgage Loans through the purchase by the Trustee on behalf of the Administration of the 2013 Series A Participations representing undivided participation interests in the Related MBS Certificates. The 2013 Series A Participations, upon their purchase will become Pledged Property securing the Bonds, including the 2013 Series A Bonds. The Administration has covenanted in the Bond Resolutions only to secure all Bonds issued thereunder with MBS Certificates issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac”) unless the Administration obtains written confirmation from each rating agency then rating the Bonds that use of proceeds of Bonds to finance the direct purchase of Mortgage Loans will not cause a lowering or withdrawal of the then existing rating by such issuing rating agency. See Appendices F, G and H, respectively, for a summary of the GNMA, Fannie Mae and Freddie Mac programs. Each of the MBS Certificates will be issued by the Servicer (as defined herein) and sold to the Trustee, on behalf of the Administration pursuant to a Servicing Agreement (hereinafter defined) by and among the Administration, the Servicer and the Trustee. See “THE SERVICER AND THE SERVICING AGREEMENT” herein.

Each MBS Certificate will be backed by pools of Mortgage Loans which have been made by Mortgage Lenders to Borrowers to finance the purchase of single-family residences located within the State. Each such Mortgage Loan under the Bond Resolution is expected to have an original term of 30 years, with equal monthly payments of principal and interest. Each such Mortgage Loan is expected to bear interest at fixed annual rates to be established from time to time by the Administration. The Administration may create participation interests in Mortgage Loans from proceeds of various Series of Bonds. See APPENDIX B – “THE PROGRAM”.

Collateral Reserve Fund

The Administration has established a Collateral Reserve Fund under the Bond Resolution to provide additional pledged collateral as it deems appropriate. The Bond Resolution does not require the funding of the

Collateral Reserve Fund, except as determined by the Administration. Any moneys, Cash Equivalents (e.g., letters of credit, insurance policies, sureties, guaranties or other security arrangements), Program Assets, Non-Conforming Loans (i.e., Loans which do not comply with the mortgage eligibility requirements of the 1986 Code) or other assets on deposit in the Collateral Reserve Fund are pledged as security for the Bonds, but may be transferred to any other Fund or Account or withdrawn, free and clear of the lien of the Bond Resolution, by the Administration upon receipt by the Trustee of an Administration Request and, with respect to amounts deposited pursuant to prior Series Resolutions, a Cash Flow Certificate.

Moneys, Cash Equivalents, Program Assets, Non-Conforming Loans and other assets may be deposited into the Collateral Reserve Fund in accordance with the requirements of a Series Resolution or a Supplemental Resolution. Such Series Resolution or Supplemental Resolution may establish terms, conditions and provisions relating to the funding of the Collateral Reserve Fund, disbursement of moneys or Cash Equivalents and the sale, disposition or release of Non-Conforming Loans from the Collateral Reserve Fund as well as the maintenance of such assets required to be held in such fund with respect to either a Series of Bonds or generally.

As of the date of this Official Statement, there is no amount on deposit in the Collateral Reserve Fund. The Administration does not, at present, expect to fund the Collateral Reserve Fund.

Cash Flow Statements and Certificates

The Administration is required to file with the Trustee a current Cash Flow Statement (defined below) whenever any Series of Bonds is issued, unless such filing is not required by a Rating Agency, provided that the Administration shall file with the Trustee a current Cash Flow Statement at least annually.

A Cash Flow Statement shall consist of a certification and calculation made by or for the Administration and signed by an Authorized Officer giving effect to the action proposed to be taken and demonstrating that:

(i) Revenues;

(ii) interest and other income estimated by the Administration to be derived from the investment or deposit of money available for payment of the Bonds in any fund or account created by or pursuant to the Bond Resolution (which estimate shall be based upon the investments or deposits in any fund or account at the rate of return thereon or, in the case of future investments or investments or deposits expected to be made at the time of such certificate, at an assumed rate or reinvestment rate reasonably determined by the Administration);

(iii) any fees charged by the Administration and any other available revenues; and

(iv) any other moneys or funds pledged to the payment of the Bonds,

will be sufficient, in the judgment of an Authorized Officer of the Administration, to pay the principal of and interest on all Outstanding Bonds described in the calculation in the current and in each succeeding Bond Year. A Cash Flow Statement shall include all Outstanding Bonds, together with one or more Series of Bonds to be issued by the Administration, all as may be required by the Bond Resolution. To the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account when preparing a Cash Flow Statement.

In addition, the Cash Flow Statement shall demonstrate that: (1) the amount of moneys and Investment Obligations held in any Fund or Account pledged to the payment of the Bonds (valued at their cost to the Administration, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, (2) the

outstanding principal balance of Loans, together with accrued but unpaid interest thereon, and (3) any other assets, valued at their realizable value, pledged for the payment of the Bonds will equal or exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; provided that in the event a Series Resolution specifies that, for purposes of the requirements of this paragraph, the Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Loans, such other value shall be used in the calculations required by this paragraph.

The Administration is required to file with the Trustee a current Cash Flow Certificate:

- (i) upon purchase or redemption of Bonds of a Series in a manner other than (A) as contemplated in the most recent Cash Flow Statement filed by the Administration with the Trustee, or (B) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, with respect to purchases or redemptions to be made from Recovery Payments or excess Revenues;
- (ii) prior to withdrawing moneys from the Revenue Fund free and clear of the pledge and lien of the Bond Resolution for payment of Administration Expenses, in an amount in excess of the amounts determined to be available for such purpose in the most recent Cash Flow Statement filed with the Trustee;
- (iii) prior to selling or otherwise transferring any Loan not in default, except with respect to the sale or release of Non-Conforming Loans and Loans secured by a Credit Facility or a Credit Enhancement that continues in effect after such release provided that payment is made under the Credit Enhancement or Credit Facility.

A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Administration to the effect of one of the following: (1) the proposed action is consistent with the assumptions set forth in the most recent Cash Flow Statement; or (2) after giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, the amounts described in clauses (i) through (iv) in the description of the Cash Flow Statement above will be sufficient, in the judgment of an Authorized Officer of the Administration, to pay the principal of and interest on all Outstanding Bonds described in the calculation, except that to the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account in connection with such Cash Flow Certificate; or (3) the proposed action will not in and of itself materially adversely affect the amounts described in clauses (i) through (iv) in the description of the Cash Flow Statement above, except with respect to such funds or accounts that may be specified in such Supplemental Resolution to not be taken into account in connection with such Cash Flow Certificate. The Administration, at its option, may file a Cash Flow Statement in lieu of a Cash Flow Certificate in any instance when it is required to file a Cash Flow Certificate.

Cash Flow Statements and Cash Flow Certificates shall be based upon the Administration's reasonable expectations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agencies' ratings on the Bonds. Such assumptions and information are subject to change which may materially affect the conclusions expressed in the statement or certificate. Accordingly, Bondowners should be aware that the existence of a Cash Flow Statement or Cash Flow Certificate does not assure that the conclusions expressed therein will accurately reflect future revenues or events.

Investment of Funds

Pending application to the purposes of each fund or account, moneys held in the various funds and accounts under the Bond Resolution will be invested in Investment Obligations or specific Investment Obligations as such may be set forth in a Series Resolution. See Appendix C – "DEFINITIONS – Investment Obligations". In general, it is the Administration's policy to invest funds held in the Revenue Fund, the Program Fund and the Collateral Reserve Fund in U.S. Treasury securities, collateralized investment contracts,

accounts with financial institutions, and securities of other institutions created by the U.S. Government. In addition, the Administration expects to use all funds currently held in the Program Fund and the Collateral Reserve Fund to finance Mortgage Loans through the purchase of MBS Certificates.

The Trustee may purchase Investment Obligations that do not meet the ratings requirements described in the definition of Investment Obligations, so long as the purchase of such Investment Obligations does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds by any Rating Agency then rating the Bonds. If the rating of any Investment Obligation purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Investment Obligations. If a Rating Agency were to downgrade or withdraw the rating on any Investment Obligations previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See "RATING" herein.

Additional Bonds

General.

The Administration, from time to time, may issue Additional Bonds that are on a parity with and shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds previously issued under the Bond Resolution. A series of Additional Bonds shall be authorized and issued under and secured by the Bond Resolution pursuant to the authorization contained in a resolution of the Administration relating to such series of Additional Bonds (a "Series Resolution"). A series of Additional Bonds may be issued to finance or refinance Program Assets, including MBS Certificates, to refund Bonds or other obligations (including bonds issued by the Administration under resolutions other than the Bond Resolution), to fund reserves, to pay Costs of Issuance or to achieve any other of the Administration's purposes. Each Series Resolution authorizing the issuance of such series of Additional Bonds shall set forth the details of such Additional Bonds as well as any determinations by the Administration relating to Program Assets to be financed with the proceeds of such Additional Bonds. See Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Issuance of the Bonds" herein.

Before a series of Additional Bonds shall be authenticated and delivered by the Trustee, the Administration shall cause to be on file with the Trustee, among certain items specified in the Bond Resolution, (i) an opinion of Bond Counsel concerning the security for such Bonds and the due adoption and valid and binding nature of the Bond Resolution and the Series Resolution, and (ii) a Cash Flow Statement, accompanied by a Certificate of the Administration to the effect that the Administration has been advised by each rating agency then maintaining a rating on the Bonds that the existing rating of Bonds then outstanding (other than any Series of Bonds which has a rating based on a credit facility) will not be reduced as a result of the issuance of the series of Additional Bonds (published rating criteria by such rating agency constituting evidence of such advice). See "SECURITY FOR THE BONDS – Cash Flow Statements and Certificates" herein.

THE SERVICER AND THE SERVICING AGREEMENT

U.S. Bank National Association currently serves as servicer (the "Servicer") for the Administration's program of creating MBS Certificates pursuant to the Servicing Agreement and Supplement for Subordinate Lien Mortgage Loans dated as of December 22, 2011 (the "Servicing Agreement") by and between the Administration and the Servicer.

THE FOLLOWING INFORMATION ABOUT THE SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE ADMINISTRATION, THE UNDERWRITERS, THEIR RESPECTIVE COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY AND IS

NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE ADMINISTRATION, THE UNDERWRITERS, THEIR RESPECTIVE COUNSEL OR BOND COUNSEL.

As of June 30, 2013, the Servicer serviced 178,529 single-family mortgage revenue bond mortgage loans with an aggregate principal balance of approximately \$14.5 billion. The Servicer currently services single-family mortgage loans for State and Local Housing Finance Authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of June 30, 2013, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$353.4 billion and a net worth of \$39.7 billion. For the six months ending June 30, 2013, the Servicer through its U.S. Bank Home Mortgage Division, originated and purchased single-family Mortgage Revenue Bond mortgage loans in the total principal amount of approximately \$1,932.1 million.

The Servicer is (i) an FHA- and VA-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Certificates and (iv) a Freddie Mac approved seller and servicer of Freddie Mac Certificates.

The Servicer is not liable for the payment of the principal of the Bonds or the interest or redemption premium, if any thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the 5th largest financial services holding company in the United States.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Law

The proceeds from the 2013 Series A Bonds will be used to finance Loans on Single Family Residences. The federal tax laws provide that interest on bonds issued for this purpose will be excluded from gross income for federal income tax purposes provided the bonds meet requirements set forth in various sections of the Internal Revenue Code of 1986, as amended (the “1986 Code”), principally Section 143 concerning qualified mortgage bonds. References herein to Section 143 and other provisions of the 1986 Code incorporate counterpart provisions of the Internal Revenue Code of 1954, as amended (the “1954 Code”), principally Section 103A of the 1954 Code, to the extent applicable to the 2013 Series A Bonds. Under Section 143, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, Targeted Areas, arbitrage and other matters.

The loan eligibility requirements of Section 143 applicable to the 2013 Series A Bonds are that (1) the residence on which the Mortgage Loan is made is a single family residence which is located in the State and can reasonably be expected to become the principal residence of the Borrower within a reasonable time after the Mortgage Loan is made; (2) except in certain limited circumstances, no part of the proceeds is to be used to acquire or replace any existing mortgage; (3) the acquisition cost (excluding usual and reasonable settlement or financing costs) of a property may not exceed a set percentage of the average area purchase price for residences in the area where the residence is located, which percentage depends on certain factors enumerated in Section 143; (4) with certain exceptions, the Borrower shall not have had a present ownership interest in his principal residence during the preceding three years; (5) with certain exceptions, the family income of the Borrower shall not exceed 115%, for families of three or more individuals, or 100%, for families of less than three individuals, of median gross income for the area in which the residence is located or the State, whichever is greater; and (6) the loan shall not be assumable unless the requirements of (1), (3), (4) and (5) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if

(1) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (2) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all such requirements at the time the loans were executed; and (3) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered.

The 1986 Code imposes additional requirements to maintain the exclusion from gross income for federal income tax purposes of interest on the 2013 Series A Bonds. These requirements impose limits on the yield that the Administration may realize from Mortgage Loans, require arbitrage from investment income to be rebated to the Internal Revenue Service, limit the period during which Mortgage Loans may be originated, limit the size of reserve funds and the amount of proceeds that may be spent on costs of issuance, and require prepayments of the Mortgage Loans to be used for bond redemptions in certain circumstances. The Administration intends that Mortgage Loans financed by the 2013 Series A Bonds or allocable thereto will comply with such requirements. Pursuant to the Series Resolutions, the Administration will covenant, in substance, to take, or refrain from taking, action, as necessary to comply with such requirements, unless in the opinion of Bond Counsel, it is not necessary to comply with such requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the 2013 Series A Bonds.

The terms and conditions of the Program documents have been designed to meet the requirements of the 1986 Code. The Administration will covenant in the Series Resolutions to meet these requirements and to take all steps necessary to comply with these requirements, including, but not limited to, initiating and pursuing foreclosure proceedings with respect to ineligible Mortgage Loans allocable to the 2013 Series A Bonds if repurchase obligations are either unavailable or prove to be unenforceable for any reason, so long as any 2013 Series A Bonds are Outstanding. Noncompliance with the requirements in the Program documents and the Series Resolutions would cause interest on the 2013 Series A Bonds to become includable in the gross income of the holders thereof retroactively to the date of issue and could adversely affect the price of the 2013 Series A Bonds in the secondary market.

Assuming continuous compliance with certain covenants in the Bond Resolutions intended to assure compliance with the applicable provisions of the 1986 Code and with the procedures established by the Administration, in the opinion of Ballard Spahr LLP, Washington, D.C., Bond Counsel, interest on the 2013 Series A Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2013 Series A Bonds and is exempt from individual and corporate federal alternative minimum tax and is not included in adjusted current earnings for purposes of corporate alternative minimum tax. Interest on the 2013 Series A Bonds held by foreign corporations may be subject to the branch profits tax imposed by the 1986 Code.

Ownership of the 2013 Series A Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits, certain S corporations and taxpayers who may be deemed to have incurred or continued debt to purchase or carry the 2013 Series A Bonds. Bond Counsel expresses no opinion as to these matters.

Payments of interest on tax-exempt obligations, including the 2013 Series A Bonds, are generally subject to IRS information reporting by the payor and “backup withholding” if the recipient has not furnished the payor with a completed Form W-9, certifying the recipient’s tax identification number or basis for exemption. “Backup withholding” means that the payor will withhold tax from the interest payments at the backup withholding rate, currently 28%.

If an owner purchasing a 2013 Series A Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding on the

2013 Series A Bond interest. In any event, backup withholding does not affect the excludability of the interest on the 2013 Series A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of the 2013 Series A Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the 2013 Series A Bonds.

State and Local Tax Exemption

In the opinion of Bond Counsel, the 2013 Series A Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized from their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State, or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes. Interest on the 2013 Series A Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. All purchasers of the 2013 Series A Bonds should consult their tax advisors regarding the tax status of the 2013 Series A Bonds in a particular state or local jurisdiction other than the State.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2013 Series A Bonds or otherwise prevent holders of the 2013 Series A Bonds from realizing the full benefit of the tax exemption of interest on the 2013 Series A Bonds. Further, such proposals may impact the marketability or market value of the 2013 Series A Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2013 Series A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2013 Series A Bonds would be impacted thereby. Under any of the forgoing circumstances, the Administration has no obligation to redeem or to increase the rate of interest paid on the 2013 Series A Bonds.

Purchasers of the 2013 Series A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2013 Series A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

FINANCIAL STATEMENTS FOR THE PROGRAM

The financial statements for the year ended June 30, 2012 of the Community Development Administration Single Family Housing Revenue Bonds (the "Fund") have been audited by Reznick Group, P.C. as described in the Independent Auditor's Report of Reznick Group, P.C. (now known as CohnReznick LLP) accompanying the financial statements in Appendix J to this Official Statement. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles generally accepted in the United States and audited in accordance with auditing standards generally accepted in

the United States. Unaudited financial statements for the Single Family Housing Revenue Bonds of the Administration for the nine-month period ending March 31, 2013, are also included in Appendix J to this Official Statement.

Under the terms of the Bond Resolution, the Administration may withdraw moneys and assets from the Bond Resolution subject to certain limitations. See “SECURITY FOR THE BONDS – Program Assets” and “SECURITY FOR THE BONDS – Cash Flow Statements and Certificates”.

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale or delivery of the 2013 Series A Bonds or in any way contesting or affecting the validity of the 2013 Series A Bonds, the Bond Resolutions or other proceedings of the Secretary taken with respect to the authorization, issuance or sale of the 2013 Series A Bonds, the Bonds, the Program, the pledge or application of any moneys under the Bond Resolutions, or the existence or powers of the Administration.

LEGAL MATTERS

The authorization, issuance and delivery of the 2013 Series A Bonds are subject to receipt of the opinion of Ballard Spahr LLP, Washington, D.C., Bond Counsel, which will be in substantially the form set forth in Appendix K. Certain legal matters pertaining to the Administration will be passed upon by an Assistant Attorney General of the State and Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Atlanta, Georgia.

LEGALITY FOR INVESTMENT

Under the Act, the 2013 Series A Bonds are securities in which all public officers and public units of the State and its political subdivisions and all State banks, trust companies, savings and loan associations, investment companies, and others carrying on a banking business, all insurance companies, insurance associations, and others carrying on an insurance business, all State personal representatives, guardians, trustees, and other fiduciaries and all other persons, may legally and properly invest funds, including capital in their control or belonging to them. The 2013 Series A Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any unit or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

UNDERWRITING

The 2013 Series A Bonds are being purchased by RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC (collectively, the “Underwriters”) on a negotiated basis. The Underwriters have agreed to purchase all but not less than all of the 2013 Series A Bonds from the Administration at the price set forth on the cover page hereof. The Underwriters will receive compensation in the form of an underwriting fee aggregating \$380,156.88 with respect to the 2013 Series A Bonds.

The obligation of the Underwriters to purchase the 2013 Series A Bonds will be subject to certain terms and conditions, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the 2013 Series A Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the 2013 Series A Bonds to certain dealers (including dealers depositing 2013 Series A Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial

advisory, investment management, principal investment, hedging, financing and brokerage activities. Such Underwriters and their respective affiliates, from time to time, may have performed and in the future may perform, various investment banking services for the Administration, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, such Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Administration.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings including 2013 Series A Bonds at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. may purchase 2013 Series A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2013 Series A Bonds that such firm sells.

RATING

Moody’s Investors Service (“Moody’s”) has assigned the rating of “Aaa” for the 2013 Series A Bonds with a stable outlook.

The rating and outlook described above reflect only the views of Moody’s, and an explanation of the significance of such rating and outlook may be obtained only from Moody’s and its published materials. The rating described above is not a recommendation to buy, sell or hold the 2013 Series A Bonds. There can be no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of Moody’s, circumstances so warrant. Therefore, investors should not assume that a rating, once assigned by Moody’s, will remain in effect. A downward revision or withdrawal of such rating is likely to have an adverse effect on the market price and marketability of the 2013 Series A Bonds. The Administration has not assumed any responsibility either to notify the owners of any proposed change in or withdrawal of such rating subsequent to the date of the Official Statement, except in connection with the reporting of events as provided in any secondary market disclosure as more particularly described in “SECONDARY MARKET DISCLOSURE” herein.

SECONDARY MARKET DISCLOSURE

The Administration has agreed, in accordance with the provisions of Rule 15c2-12 (the “Rule”), adopted by the Securities and Exchange Commission (the “Commission”) under the Securities and Exchange Act of 1934, to provide to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, within 120 days of the end of each fiscal year (which ends June 30), the following annual financial information and operating data:

(1) a copy of the annual financial statements of the Single Family Housing Revenue Bond Program financed with the Bonds prepared in accordance with generally accepted accounting principles and audited by a certified public accountant;

(2) the following information as of the end of the fiscal year:

(a) For each Series of Bonds, the interest rate, original aggregate principal amount and the principal amount remaining outstanding;

(b) By Series of Bonds, for each MBS Certificate, the CUSIP Number for each mortgage pool, the type of MBS Certificate, the pass-through rate (and if there is more than one pass-through rate, the

aggregate balance of MBS Certificates at each pass-through rate remaining outstanding), the original amount of the MBS Certificate and the current outstanding amount;

(3) Solely to the extent that the Administration purchases Mortgage Loans directly with Bond Proceeds (see “SECURITY FOR THE BONDS – Program Assets” for a discussion of when the Administration may directly purchase Mortgage Loans with Bond proceeds), information regarding the status of the portfolio of Mortgage Loans expected to be directly financed, and which are directly financed, with the proceeds of Bonds and the status of all Funds and Accounts held as security for the Bonds, which information shall be in a form generally provided by the Administration with respect to its existing single family program including:

- (a) information concerning the existing Program Assets portfolio securing the Bonds;
- (b) information concerning the status of available funds to finance Program Assets;
- (c) information concerning any additional collateral or credit enhancements securing Mortgage Loans directly purchased with Bond proceeds of the Bonds;
- (d) information concerning delinquencies and foreclosures of Mortgage Loans directly purchased with Bond proceeds; and
- (e) information concerning prepayments of Mortgage Loans directly purchased with Bond proceeds and Bond redemptions.

The Administration has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Administration; provided that the Administration has agreed that any such modification will be done in a manner consistent with the Rule. The Administration may, at its option, satisfy this obligation by providing an official statement for one or more Series of Bonds or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

If audited financial statements are not available by the date specified above, the Administration shall provide unaudited financial statements by such date, and shall thereafter provide audited financial statements when they are available.

The Administration has agreed to provide, in a timely manner not in excess of ten business days after the occurrence of the related event, to the MSRB in an electronic format notice of the occurrence of any of the following events with respect to the 2013 Series A Bonds:

- i. principal and interest payment delinquencies,
- ii. non-payment related defaults, if material,
- iii. unscheduled draws on debt service reserves reflecting financial difficulties,
- iv. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,
- v. substitution of credit or liquidity providers, if any, or their failure to perform,
- vi. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the 2013 Series A Bonds,

- vii. modifications to rights of Bondowners, if material,
- viii. bond calls, if material, and tender offers,
- ix. defeasances,
- x. release, substitution, or sale of property securing repayment of the 2013 Series A Bonds, if material,
- xi. rating changes,
- xii. bankruptcy, insolvency, receivership or similar event of the Administration,

Note: for the purposes of the event identified in the above clause xii, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement of liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the obligated person,

xiii. the consummation of a merger, consolidation or acquisition involving the Administration or the sale of all or substantially all of the assets of the Administration, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material, or

xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material.

In a timely manner, the Administration will give to the MSRB in an electronic format notice of any failure by the Administration to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

During the previous five years, there have been instances where the Administration has not complied in all material respects with previous undertakings related to the Prior Bonds and with undertakings related to other bonds issued by the Administration. The Administration failed to timely file required annual financial information relating to its Local Government Infrastructure Bonds for the fiscal years ending 2009, 2010 and 2011. In all other instances, the Administration timely filed the required annual financial information with EMMA for bonds issued by the Administration; however, in some instances the Administration failed to properly associate such annual financial information with the CUSIPs for the related bonds. The Administration now has filed all required annual financial information and has properly associated such filings with all CUSIPs of the related bonds. The Administration has implemented procedures intended to ensure that similar instances will not occur in the future.

The Administration has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, if and when the Administration no longer remains an obligated person with respect to the 2013 Series A Bonds within the meaning of the Rule.

The Administration has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders of the 2013 Series A Bonds, and will be enforceable by any holder of 2013 Series A Bonds. Such holders' and beneficial owners' rights to enforce the provisions of this undertaking are

limited to a right to obtain specific performance of the Administration's obligations with respect thereto. Any failure by the Administration to comply with the provisions of its undertaking will not be an event of default with respect to the Bonds, under the Bond Resolution or under the applicable Series Resolution.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders of the 2013 Series A Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date hereof.

MISCELLANEOUS

Summaries and Descriptions in Official Statement

The summaries and explanation of, or references to, the Act, the program documents, the Bond Resolutions, and the 2013 Series A Bonds included in this Official Statement do not purport to be comprehensive or definitive; such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file at the offices of the Administration. The descriptions of the FHA insurance program, the VA mortgage guaranty program, and the USDA/RD mortgage guarantee program do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the applicable statutes and regulations.

Financial Advisor

Caine Mitter & Associates Incorporated and Strategic Solutions Center, LLC (collectively, the "Financial Advisor") have served as financial advisors to the Administration in connection with the sale of the 2013 Series A Bonds.

Selection and Compensation of Professionals

The Financial Advisor is selected by the Administration through a competitive process in accordance with State procurement law. Compensation of the Financial Advisor is not contingent on the sale of the 2013 Series A Bonds. Bond Counsel was selected by the Office of the Attorney General of the State through a process of review of responses to a request for proposals. Compensation of Bond Counsel is not contingent on the sale of the 2013 Series A Bonds.

This Official Statement is not to be construed as a contract or agreement between the Administration and the owners of any of the 2013 Series A Bonds.

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

**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT**

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

August 13, 2013

APPENDIX A

THE DEPARTMENT AND ADMINISTRATION

General Information

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

The Secretary of Housing and Community Development (the “Secretary”) is the head of the Department and is appointed by the Governor with the advice and consent of the Senate. The Department consists of five divisions: the Division of Development Finance, the Division of Credit Assurance, the Division of Finance and Administration, the Division of Neighborhood Revitalization and the Division of Information Technology. A chart showing the organization of the Department, its divisions, and the Administration and the Maryland Housing Fund appears on page A-6 hereof.

The Division of Development Finance is the lending and bond issuing division of the Department, originating loans under the Department’s various lending programs and providing underwriting services for loans to the Department and its other divisions and agencies. In addition, the Administration, which is a unit of the Division, performs initial compliance review and approval of Mortgage Loans submitted by Mortgage Lenders.

The Secretary, with the approval of the Governor, appoints the Director of the Administration. The Director of the Administration, with the approval of the Secretary, appoints the Deputy Directors of the Administration and the other senior staff members of the Administration. The Act established 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, three members of the Department and one member of the Executive Branch not employed by the Department. When urgent action is required, the Secretary may approve a specific loan request without receiving the recommendation of the Review Committee.

The Division of Credit Assurance, the insuring division of the Department, provides certain asset management, monitoring and workout related services to the Department and its divisions and agencies, including the Administration. The Maryland Housing Fund (“MHF”) is a unit of the Department assigned to the Division of Credit Assurance.

The Division of Finance and Administration provides budget, accounting, auditing and administrative services to the Department. In addition, the Administration has a finance office which handles finance and accounting for lending and bond activities and insurance activities. The Administration’s finance office reports directly to the Director of the Administration. MHF’s finance function is a part of the Division of Finance and Administration.

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

The Department has a Revenue Bond Advisory Board (the “Board”) that provides independent advice and expertise to the Department with respect to issuance of revenue bonds, including the Bonds. The Board consists of seven members appointed by the Secretary, including the Deputy Secretary (who chairs the Board),

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

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

The office of the Administration is located at 100 Community Place, Crownsville, Maryland 21032. Inquiries for documents or concerning this Official Statement should be directed to CDA Bonds - Investor Relations at (410) 514-7326 or by e-mail at cda_bonds@mdhousing.org.

Principal Executive Officers

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

Raymond A. Skinner was appointed by the Governor as Secretary of the Department effective February 12, 2007. From January, 2003 until his current appointment as Secretary, Mr. Skinner was President of The Skinner Group, LLC, a consulting firm providing services in housing policy analysis, community revitalization, and economic development. Mr. Skinner previously served as Secretary of the Department between December, 1998 and January, 2003, and as Deputy Secretary from January, 1995 until his earlier appointment as Secretary. From January, 1991, until his appointment as Deputy Secretary, Mr. Skinner served as the Director of the Department of Housing and Community Development of Prince George's County, Maryland, and as Executive Secretary to the Board of Commissioners of the Housing Authority of Prince George's County. Previously, he was the Executive Director of the District of Columbia Office of Business and Economic Development. In all, Mr. Skinner has over 30 years of experience in housing and community development, having held positions with the Department of Housing and Urban Development, the City of Philadelphia, Pennsylvania, and the City of Baltimore, Maryland. He holds a Bachelor of Science Degree from the Pennsylvania State University and a Master of City Planning degree from the University of Pennsylvania.

Clarence J. Snuggs was appointed by the Secretary with the approval of the Governor effective March 26, 2007 as Deputy Secretary of the Department. Since 2003, Mr. Snuggs served as Director of Enterprise Community Partners' Baltimore office. In that capacity he had overall responsibility for operating the office and its programs, which focused on affordable housing production, capacity building for local community leaders and community-based organizations, public education system reforms and other community development initiatives. Between 1998 and 2003, Mr. Snuggs was Deputy Executive Director and Corporate Treasurer for the congressionally chartered Neighborhood Reinvestment Corporation in Washington, D.C. Prior to Neighborhood Reinvestment, Mr. Snuggs served as Vice President for Community Lending at Maryland National Bank and Signet Bank. Mr. Snuggs has been active in affordable housing and community development for nearly 20 years through his leadership and involvement in a host of regional and local community and civic organizations. He holds a Bachelor of Arts degree from Winston-Salem State University and Master of Business Administration degree from Howard University.

Stephen D. Silver was appointed on August 26, 2009 as Chief Financial Officer of the Department. From September, 2007 to his recent appointment, Mr. Silver served as Vice President of Finance for a private Baltimore real estate development firm. From November, 1983 to September, 2007, Mr. Silver served in

various financial capacities at the Department, including Chief Financial Officer of the Department, the Administration and the Maryland Housing Fund; Director of the Department's Division of Finance and Administration; Director of Accounting for the Division of Finance and Administration, and Director of Finance for the MHF. Prior to joining the Department, Mr. Silver worked briefly with a public accounting firm in Baltimore, Maryland. Mr. Silver is a Certified Public Accountant, was granted a Bachelor of Science degree in accounting from Towson University in 1980 and received his Master of Business Administration degree from the University of Baltimore in 1991.

Frank B. Coakley was appointed by the Secretary with the approval of the Governor effective March 26, 2007 as Assistant Secretary of the Department responsible for the Administration and as Director of the Administration. He also previously served as Assistant Secretary and Director of the Administration between 1995 and 2000. Before his recent appointment, Mr. Coakley was Senior Vice President/Branch Administration for Harbor Bank of Maryland. Prior to joining Harbor Bank, Mr. Coakley was the Director of Fannie Mae's Baltimore Partnership office. From 1989 until joining the Administration in 1995, Mr. Coakley served as Executive Vice President of the Baltimore Community Development Financing Corporation. Previously, he served as a manager and Vice President of Maryland National Bank. Mr. Coakley is a graduate of Morgan State University and served as a Loaned Executive to Morgan State as a Senior Advisor assisting the Community Development office on housing and housing related projects.

Roy A. Westlund was appointed Deputy Director, Bond Finance, for the Administration, effective as of January 1, 1996. For the previous seven years, he served as the Administration's Director of Finance. Mr. Westlund has been active in the field of housing finance since 1980, including serving as Manager of Financial Operations for the Wisconsin Housing and Economic Development Authority. Mr. Westlund is a Certified Public Accountant and holds a Bachelor of Business Administration degree from the University of Wisconsin, Madison.

William F. Ariano, Jr. was appointed by the Secretary with the approval of the Governor effective July 5, 2007 as Deputy Director of the Community Development Administration. He previously served as Vice-President of Residential and Consumer Lending and CRA Officer at Chesapeake Bank of Maryland. He served in that capacity at several Baltimore community banks and his responsibilities included secondary marketing, underwriting, and the management of staff, for origination, closing, sales and post closing of various first mortgage products. Prior to his employment in the private sector, he directed a quasi-public agency for the City of Baltimore which developed, constructed and managed rental and for-sale housing for families with low to moderate incomes, and directed a community based development corporation. Mr. Ariano holds a Bachelor of Science from Mount Saint Mary's University and a Master of Business Administration degree from Loyola University (Baltimore).

Senior Staff of the Administration

Senior staff members of the Administration are as follows:

<u>Name</u>	<u>Position</u>
Tonna Phelps	Director, Single Family Housing
Patricia R. Sylvester	Director, Multifamily Housing
Teresa R. Smith	Director, Finance

As of June 30, 2013 the staff of the Administration consists of approximately 129 positions and an additional 26 vacancies, including professional and technical staff members with responsibilities in the fields of finance, mortgage loan underwriting, architectural review, construction inspection, rental services and administration. Of the entire staff, 37 are currently involved in Single Family Housing Programs in a professional or technical capacity.

Tonna Phelps was appointed Director of Single Family Housing, effective August 11, 2003, having served as Acting Director since January 2003. Ms. Phelps has been with the Administration since 1977. For the ten years preceding her appointment as Acting Director, she was the Administrator for Development Assistance Programs under the Administration's Multifamily Programs, managing federal HOME funds, the Maryland Affordable Housing Trust, and other federal and State programs. She has also served as Administrator for Mortgage Purchase under Single Family Housing. In addition, Ms. Phelps currently represents the Administration on various interagency committees throughout State government. Ms. Phelps holds a Bachelor of Science in Business Administration from the University of Baltimore.

Patricia Ryan Sylvester, Director, Multifamily Housing has been with the Department since October 1997. She served as Deputy Director of Multifamily Housing - Housing Development Programs from September 1999 until her appointment as Director of Single Family Housing in August 2002. She returned to Multifamily Housing as Director in January 2003. Prior to joining the Department she worked as an attorney with the Maryland General Assembly and served as an administrative law judge. Ms. Sylvester holds a Juris Doctor degree from the University of Maryland Law School and a Bachelor of Arts degree from Johns Hopkins University.

Teresa Renee Smith was appointed Director, CDA Finance, effective March 23, 2011 having served as Acting Director since October 2010. For the fourteen months preceding her appointment as Acting Director, Ms. Smith was the Deputy Director of CDA Finance. From August 2006 to August 2009, Ms. Smith was the Portfolio Research and SEC Compliance Officer for an Annapolis financial planning firm. From July 2004 to August 2006, she served the Department in the CDA Finance division as a Senior Financial Analyst. Prior to joining the Department in 2004, Ms. Smith worked briefly for the Baltimore Housing finance division and in other various financial management and investment capacities. Ms. Smith holds a Bachelor of Business Administration in Finance from the University of Hawaii and a Master of Business Administration degree from Cameron University in Oklahoma.

Other Housing Programs of the Department

In addition to the Single Family Housing Revenue Bond Program which is financed with the proceeds of Bonds (see Appendix B – “THE PROGRAM”), and the single family programs financed with proceeds of bonds issued under the Residential Revenue Bond Resolution and the 1980 General Certificate, the staff of the Administration also is responsible for a broad range of other housing programs operated by the Department. Proceeds of Bonds and other funds held under the Bond Resolution are not used to support the Department's other programs. Revenues generated by such other programs are not subject to the lien of the Bond Resolution or available to secure the payment of principal of or interest on the Bonds. However, the executive officers of the Department and the Administration and certain senior staff members who are responsible for the Program also are responsible for the Department's other programs; therefore, under certain circumstances these other programs may compete with the Program for administrative and policy priority.

Single Family Housing. Single Family Housing includes the Department's Homeownership Programs and Special Loan Programs. The Administration's Single Family Housing staff operates the Department's Homeownership Programs that are funded with State appropriations. These state-funded programs, which may or may not be funded at varying levels from year to year, currently provide low-interest mortgages to households of limited income. In addition, the Department may have funding available from time to time for a Downpayment and Settlement Expense Loan Program for loans to eligible borrowers who are also receiving loans under the Program. Finally, Single Family Housing also administers a federally-funded weatherization assistance program and the federally-funded HOME Program, as well as providing administrative management for the Maryland Affordable Housing Trust.

The Special Loan Programs, which are funded with State appropriations, provide rehabilitation loans for general rehabilitation, installation of indoor plumbing, abatement of asbestos and radon gas, reduction of lead paint, and creation of accessory shared and sheltered housing for low and moderate income households.

Federal HOME funds may also be used to finance rehabilitation loans for households of limited income. These programs also provide loans to nonprofit organizations and individuals to purchase or construct group homes for low-income persons with special needs; group homes are funded with state appropriations, and are also funded from bonds issued under the Administration's Housing Revenue Bonds resolution.

Multifamily Housing. Multifamily Housing includes the Department's Rental Housing Programs and Rental Service Programs. The Department's Rental Housing Programs encompass a number of finance programs which support the production, rehabilitation and preservation of affordable rental housing, including the following:

The Administration's multifamily housing revenue bond program provides financing for development of rental developments whose owners are required to set aside certain percentages of available units for families of low or moderate income.

The Rental Housing Fund consists of rental housing finance programs funded with State appropriations and federal HOME funds which provide low-interest mortgages with flexible repayment terms, interest rate write-downs and operating subsidies to increase the supply of new rental housing and to maintain and rehabilitate existing rental housing for low income elderly and family tenants.

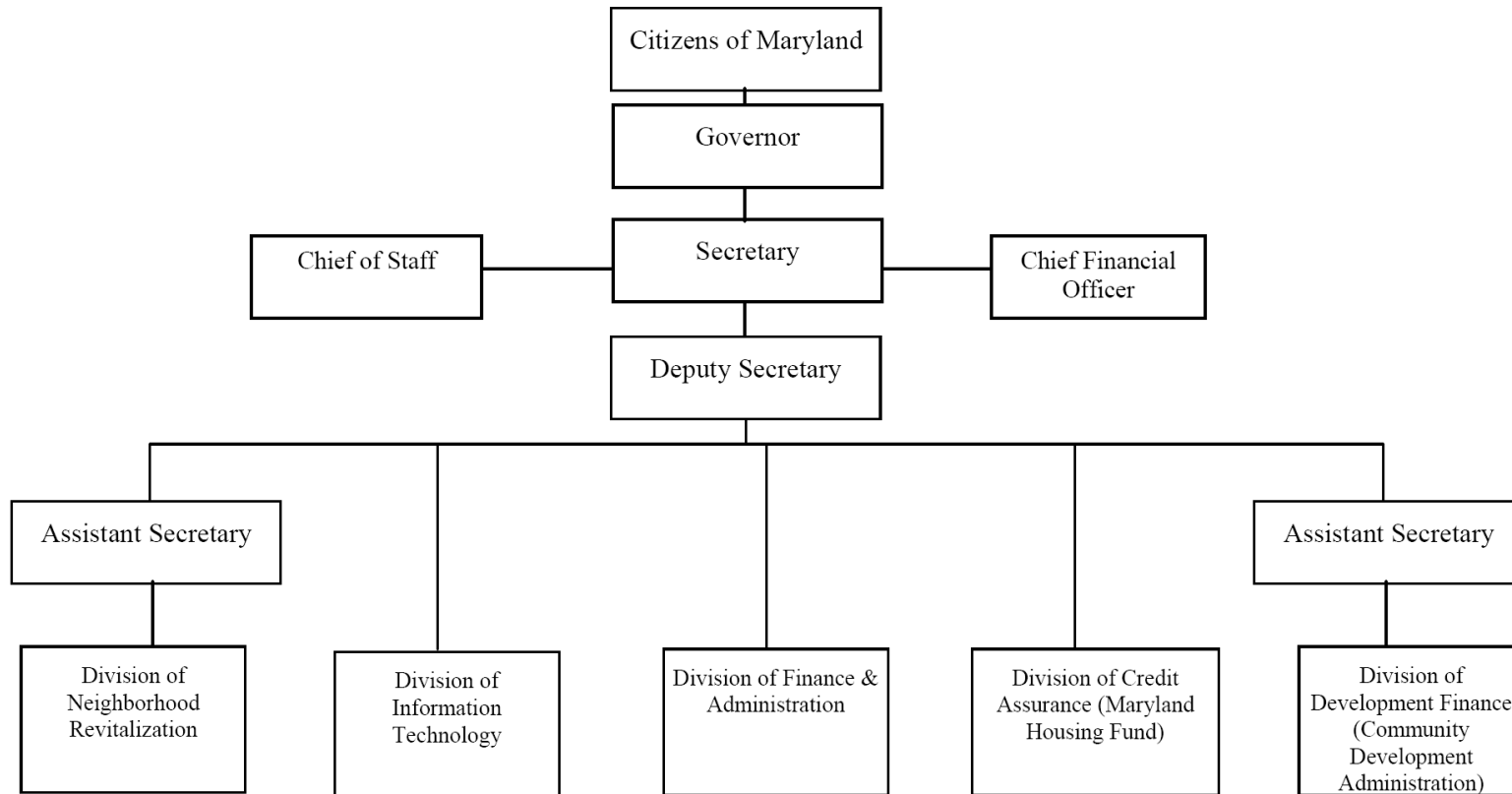
The Partnership Rental Housing Program provides funding from general obligation bonds and potentially other State appropriations to local governments, housing authorities, and partnerships in which these entities are involved, to assist in financing the construction or rehabilitation of low income housing. Additionally, loans are made to private sector entities to provide units for very low income individuals with disabilities. The public entities provide the land and participate in the ownership and management of the properties. The properties are intended to remain low income housing in perpetuity, and the State moneys are required to be repaid only if the low income requirements are not enforced.

The Department's Rental Service Programs include the Rental Assistance Programs and the Project-Based Section 8 Contract Administration. Under the Rental Assistance Programs, the Administration administers the rental subsidies provided under Section 8 of the United States Housing Act of 1937, as amended, in 29 subdivisions of the State. The housing subsidy staff also administers a Rental Allowance Program, which is funded with State appropriations. This program is administered through local governments and provides fixed monthly rental assistance payments for up to twelve months, subject to extension by the Secretary, to lower-income households that cannot be served by federal or other state programs and are either homeless or have critical and emergency housing needs.

Infrastructure Financing Programs

The Infrastructure Financing Program was created to provide an additional, accessible and uncomplicated mechanism to finance the essential physical elements that constitute the basis of the public service system operated and maintained by local governments. More information on the Administration's outstanding infrastructure bonds can be found in Appendix E. These infrastructure loans and the assets and revenues held under these bond and series resolutions are not subject to the lien of the Bond Resolution and are not available to pay principal of or interest on the Bonds.

Department of Housing and Community Development Organizational Chart



This chart omits subdivisions below the divisional level except for the Maryland Housing Fund and the Community Development Administration. It also omits certain boards and commissions associated with the Department.

APPENDIX B

THE PROGRAM

The Administration adopted the Bond Resolution in 2009 pursuant to the Act to finance single family housing loans under the Single Family Housing Revenue Bond Program. Prior to the adoption of the Bond Resolution, from 1997 onward, the Administration funded its single family program primarily through the issuance of bonds under the Residential Revenue Bond Resolution (and an older resolution which was retired in 2010). No assurance can be provided whether the Administration will issue Additional Bonds under the Bond Resolution after the issuance of the 2013 Series A Bonds. The description of the Single Family Housing Revenue Bond Program contained in this Appendix B does not describe the mortgage portfolio financed under the Residential Revenue Bond Resolution.

Use of Funds from the Sale of Series Bonds. The proceeds of the 2013 Series A Bonds will be used to finance Mortgage Loans through the purchase by the Trustee on behalf of the Administration of the 2013 Series A Participations evidencing undivided participation interests in the Related MBS Certificates which are backed by Mortgage Loans.

MBS Certificates. The Administration has covenanted in the Bond Resolutions to use proceeds of any Series of Bonds solely to purchase MBS Certificates guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or Freddie Mac, unless the Administration obtains written confirmation from each rating agency then rating the Bonds that the use of proceeds of Bonds to finance the direct purchase of Mortgage Loans will not cause a lowering or withdrawal of the then existing rating by such issuing rating agency. See "SECURITY FOR THE BONDS – Program Assets" herein.

The discussion of Mortgage Loans in this Appendix B pertains to Mortgage Loans underlying MBS Certificates purchased with Bond proceeds and, in the event the Administration directly purchases Mortgage Loans with Bond proceeds, such directly purchased Mortgage Loans.

Participations in MBS Certificates. The Administration may finance the purchase of MBS Certificates by purchasing participation interests in such MBS Certificates. Such participation interests in MBS Certificates may be made from funds of different series of Bonds, or from other funds of the Administration, including funds of other bond resolutions of the Administration, such as the Residential Revenue Bond Resolution.

Mortgage Loans. Origination fees (including discount points) for the Mortgage Loans generally range from zero points to three points. All Mortgage Loans will have an original term of 30 years with even monthly payments of principal and interest.

Mortgage Loans allocable to the Bonds are expected to be purchased primarily from Mortgage Lenders to finance the acquisition of existing, newly constructed or substantially rehabilitated Single Family Residences located throughout the State, including Targeted Areas. For reasons discussed in “‘Smart Growth’ Requirements” below, all newly constructed homes financed by Mortgage Loans will be located in priority funding areas.

Mortgage Loans may be financed on behalf of the Participating Counties (described below) for Single Family Residences located in those counties, where the Participating Counties have requested the Administration to issue their allocable portion of qualified mortgage bonds. The participating counties are the Counties of Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Queen Anne’s, St. Mary’s, Somerset, Talbot, Washington, Wicomico, Worcester and the City of Baltimore (the “Participating Counties”). If the Participating County does not use some or all of its allocation within any required period, the Administration may reallocate the

funds to another Participating County or use the funds to purchase Mortgage Loans that finance the acquisition of Single Family Residences located in other jurisdictions of the State.

A portion of the funds relating to the Bonds may be made available pursuant to special initiatives or to commitments for eligible community development projects of Single Family Residences.

General Provisions. Each Mortgage Loan must comply with the Act and with the following conditions: (1) a deed of trust must be executed and recorded in accordance with the requirements of existing laws; (2) the deed of trust must be the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the Mortgage Loan, insuring that the deed of trust constitutes a first lien, subject only to permitted liens and encumbrances; (3) the Mortgage Loan must be subject to FHA mortgage insurance or a VA or USDA/RD guarantee, (4) must be insured with a uniform standard extended coverage endorsement, as and to the extent required by the Administration to protect its interest against loss or damage by fire, and other hazards, and by flooding if the Single Family Residence is located in an area designated as having specific flood hazards. See Appendix I – “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS” herein.

Purchase Price Limitations. The federal tax law and the Act place limits on the maximum purchase price of a residence financed with a Mortgage Loan. The maximum purchase price permitted under the federal tax law may vary from county to county, and currently ranges from \$303,461 for homes in Non-Targeted areas of Wicomico County to \$823,308 for homes in Targeted Areas of the Washington, D.C. metropolitan statistical area. In addition, FHA maximum mortgage amounts vary from county to county; range from \$271,050 for Allegany, Caroline and Dorchester Counties, to \$729,750 for the Washington, D.C. metropolitan statistical area, which includes Calvert, Charles, Frederick, Montgomery and Prince George’s. In certain counties, the insurer’s or guarantor’s maximum mortgage amounts may be less or more than the maximum purchase prices permitted under federal tax law. The maximum purchase price of a residence financed by the Administration may not exceed the lesser of either the insurer’s or guarantor’s mortgage limit or the maximum purchase price established by federal tax law. Lower purchase price limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum purchase price limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through Homeownership Initiatives.

Mortgage Loan Amounts. The maximum amount of a Mortgage Loan may not exceed the FHA maximum insured mortgage loan amount, the maximum loan amount guaranteed by VA or USDA/RD or insured under private mortgage insurance, as applicable. Under certain circumstances, the mortgage insurer or guarantor may allow financing above the amount of the purchase price of the mortgaged property in order to permit the financing of an up-front mortgage insurance premium, funding fee, guarantee fee, permitted closing costs, and other permitted costs such as rehabilitation and related costs permitted by FHA under the FHA Section 203(k) Rehabilitation Insured Mortgage Program, or by a lender that has an acquisition-rehabilitation program. The Administration may finance such costs as part of the Mortgage Loan. Therefore, a substantial proportion of the Mortgage Loans are expected to have loan-to-value ratios which equal or exceed 100%. The USDA/RD guarantee permits financing of closing costs and guarantee fee above the purchase price, as long as the total loan amount does not exceed the appraised value. The applicable mortgage-backed securities program may limit the maximum size of a Mortgage Loan.

Borrower Income Limitations. The federal tax law and the Act place limits on maximum annual income of Borrowers eligible to receive Mortgage Loans. From time to time the Secretary may determine income limits other than those that are generally applicable (subject to the limits imposed by Section 143). In addition, the insurer or guarantor may have maximum income limits that may differ from the limits imposed by federal law or the Act. The maximum income limit permitted under the federal tax law, which is adjusted for household size, may vary from county to county, and currently ranges from \$89,300 for a one or two-person household in certain non-Targeted Areas of the State to \$150,500 for a three-person or larger household

in the Washington, D.C. metropolitan statistical area. The maximum annual household income of Borrowers eligible to receive Mortgage Loans may not exceed the lesser of the maximum income limits permitted under federal tax law or by the mortgage insurer or guarantor. Lower income limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum income limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through homeownership initiatives.

“Smart Growth” Requirements. Title 5, Subtitle 7B (Priority Funding Areas) of the State Finance and Procurement Article of the Maryland Annotated Code (the “Smart Growth Act”), enacted in 1997, in general requires the Administration to ensure that newly constructed homes financed by Program loans are located in certain “priority funding areas”. The Smart Growth Act requirement does not apply if the loan is financed through bonds issued under a county’s transfer of its allocation to the Administration under Title 13, Subtitle 8 of the Financial Institutions Article.

Compliance with Federal Tax Law and Program Requirements. Under the 1986 Code, the failure by a Borrower to occupy a Single Family Residence financed by a Mortgage Loan for a period of 12 consecutive months may result in the inability of such Borrower to deduct interest payments for income tax purposes with respect to such Mortgage Loan during such period. In addition, under the 1986 Code, Borrowers may be required to pay a recapture tax as a result of the sale or other disposition of the Single Family Residence.

In order to comply with Section 103A and Section 143 and to meet other Program requirements, the Administration will require that each Mortgage Loan meet certain additional requirements, including the following:

(1) each Borrower must certify that the proceeds of the Mortgage Loan will be used only to acquire a Single Family Residence located in the State to be owned and occupied by the Borrower, and, except in certain limited circumstances, will not be used to acquire or replace an existing mortgage or other financing of a residence or any improvements thereto;

(2) each Borrower must certify with respect to the residence to be acquired that the Borrower (a) is presently occupying such residence as the Borrower’s principal residence, or shall occupy such residence as his principal residence in most cases within no more than 60 days after the closing of the Mortgage Loan, (b) intends thereafter to maintain the residence as the Borrower’s sole residence, and (c) will not use all or any portion of the residence in any trade or business activity, except with the prior written permission of the Administration;

(3) subject to certain exceptions, each Borrower must (a) provide to the Mortgage Lender or the Administration such Borrower’s credit report or income tax information filed with the Internal Revenue Service during the preceding three years and (b) certify, and the Administration also examines the credit report or income tax information as evidence, that the Borrower had no present ownership interest in a principal residence of the Borrower at any time during the three-year period ending on the date the Mortgage Loan is originated; unless (a) the home to be financed is located in a Targeted Area, as defined below, where such prohibition on prior homeownership is not dictated, or (b) the borrower (or one of the co-borrowers) qualifies for a one-time exemption from these requirements as a veteran; and

(4) each Borrower and seller must certify the amount of the acquisition cost of the mortgaged property, and such acquisition cost may not exceed maximum acquisition costs established by the Administration in conformity with Section 143, FHA or other applicable maximum loan amounts, and Administration policy.

Targeted Area Set-Aside. As required by the 1986 Code, certain percentages of proceeds of Bonds may be required to be reserved to finance residences located in Targeted Areas throughout the State for a

period of at least one year following the date of delivery of the related series of Bonds. A “Targeted Area,” as defined in Section 143(j) of the 1986 Code, is an area which is either (1) a census tract in which 70% or more of the families have income which is 80% or less of the statewide median family income, or (2) an area of chronic economic distress designated by the State as meeting State standards for such designation and the designation of which has been approved by the United States Secretary of the Treasury and the United States Secretary of Housing and Urban Development.

APPENDIX C

DEFINITIONS

“Act” means Sections 4-101 to 4-255, inclusive, of the Housing and Community Development Article of the Annotated Code of Maryland, as amended from time to time, including, without limitation, future amendments or successor laws thereto.

“Additional Bonds” means bonds issued under the Bond Resolution after the Bonds issued in connection with this Official Statement.

“Administration” means the Community Development Administration, a unit of the Division of Development Finance of the Department of Housing and Community Development, a principal department of the State of Maryland, and any successor entity thereto.

“Administration Expenses” means any money required by the Administration to pay any expenses which the Administration lawfully may pay relating to any of its programs (excluding the Program), including, without limitation, its other single-family housing programs, multi-family housing programs and infrastructure program. Such Administration Expenses may include, without limitation, costs of issuing bonds, administrative and operating expenses of the Administration, servicing fees, credit enhancement, credit facilities, or the redemption of bonds, or rebates of arbitrage as required by the Code for such other programs.

“Administration Request” means a written request or direction of the Administration signed by an Authorized Officer.

“Amortized Value” means the purchase price of securities, excluding accrued interest, plus an amortization of any discount or less an amortization of any premium on the purchase price.

“Authorized Officer” means the Secretary of Housing and Community Development, the Deputy Secretary of Housing and Community Development, the Director of the Administration, a Deputy Director of the Administration, any Director of any program or division of the Administration or any other person duly authorized by the Secretary of Housing and Community Development to perform such act or discharge such duty.

“Bond” or “Bonds” means any Bond or Bonds issued pursuant to the Bond Resolution.

“Bondowner” or “Owner of Bonds” or “Owner” means (i) the person in whose name any Bond issued in registered form is registered to the owner thereof on the books of the Administration maintained at the designated office of the Trustee for that purpose, or (ii) the holder of any Bond issued in coupon form.

“Bond Resolution” means the Single Family Housing Revenue Bond Resolution, adopted by the Administration as of December 1, 2009.

“Bond Year” means the year which begins on March 2 of any year during which Bonds are outstanding and ends on March 1 of the next succeeding year.

“Borrower” means the obligor under a Loan, which may include the Administration.

“Business Day” means any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the city in which the designated office of the Trustee is located, the State or the City of New York.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guarantee or other security arrangement upon which the Administration or Trustee may make a draw to provide funds as needed for any other Fund or Account or to provide Credit Enhancement or for any other purpose.

“Cash Flow Certificate” means the calculation made by or for the Administration pursuant to Section 608I of the Bond Resolution.

“Cash Flow Statement” means the calculation made by or for the Administration pursuant to Section 608(c) of the Bond Resolution.

“Certificate” means a signed document either attesting to or acknowledging the circumstances, representations or other matters stated in it or setting forth matters to be determined pursuant to the Bond Resolution or a Series Resolution.

“Code” or “1986 Code” means applicable provisions of the Internal Revenue Code of 1986, as amended, and the applicable regulations under it, or predecessor or successor provisions, as applicable.

“Collateral Reserve Fund” means the fund so designated which is established by Section 401 of the Bond Resolution.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Administration and related to the authorization, sale, issuance and remarketing of the Bonds.

“Credit Enhancement” means any credit enhancement, insurance, guaranty, Cash Equivalent, risk-sharing arrangement or any other form of credit support for one or more Program Assets (or any portion or portions thereof) as provided in any Series Resolution or Supplemental Resolution.

“Credit Enhancer” means the issuer or provider of any Credit Enhancement.

“Credit Facility” means any credit facility which secures all or a portion of one or more Series of Bonds including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which, in any case secures all or a portion of one or more Series of Bonds.

“Credit Facility Provider” means the issuer of or obligor under a Credit Facility.

“Escrow Payment” means any payment made to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any federal, state, local or private program intended to assist in providing Loans, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Borrower customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Loan.

“Escrow Fund” means the Fund created pursuant to the Program Bonds Series Resolution into which proceeds of the Program Bonds are being deposited.

“Event of Default” will occur if (i) payment of interest on or the principal or Redemption Price of any of the Bonds is not made when due and payable or (ii) default in the due and punctual performance of any other covenants or agreements contained in the Bonds or in this Resolution or any Series Resolution and such default continues for ninety (90) days after written notice requiring the default to be remedied, has been given to the Administration by the Trustee. The Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. However, if such default can be remedied, so long as following such

notice the Administration is diligently taking actions to remedy such default, such default shall not be an Event of Default.

“Fannie Mae” means the Federal National Mortgage Association, and its successors or assigns.

“Fannie Mae Certificates” means MBS Certificates guaranteed as to timely payment of principal and interest by Fannie Mae.

“FHA” means the Federal Housing Administration of HUD.

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

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, and its successors or assigns.

“Freddie Mac Certificates” means MBS Certificates guaranteed as to timely payment of principal and interest by Freddie Mac.

“Fund” or “Account” means a Fund or Account created by or pursuant to the Bond Resolution or a Series Resolution.

“GNMA” means the Government National Mortgage Association, and its successors or assigns.

“GNMA Certificates” means MBS Certificates guaranteed as to timely payment of principal and interest by GNMA.

“Government Obligations” means direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America.

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

“Insurance Proceeds” means payments received with respect to the Program Assets under any insurance policy, guarantee or fidelity bond, including amounts available under any Credit Enhancement, less any expenses incurred in realizing such payments and less any reimbursements of advances due the insurer or provider of such guarantee or bond.

“Investment Obligations” means any of the following investments which at the same time are legal investments for moneys of the Administration which are then proposed to be invested therein:

- (1) Government Obligations;
- (2) Bonds, debentures, notes or other evidences of indebtedness issued by any federal agency, instrumentality or public corporation the obligations of which represent or are guaranteed by the full faith and credit of the United States of America, including (without limitation): the Rural Housing Service, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, and U.S. Department of Housing and Urban Development;
- (3) Bonds, notes or other evidences of indebtedness issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any similar entity which, at the time of

purchase, are rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency;

(4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (or the domestic agency or branch of foreign commercial banks) and maturing no more than 360 days after the date of purchase which, at the time of purchase, are rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency. (Ratings on holding companies are not considered as the rating of the bank);

(5) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with banks (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation, provided that, to the extent such deposits exceed available federal deposit insurance, such deposits are fully collateralized and secured by obligations described in clauses (1) and (2) above which have a market value (exclusive of accrued interest) at least equal to such deposits so secured, including interest;

(6) Commercial paper which, at the time of purchase, is rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency and which matures not more than 270 days after the date of purchase;

(7) Investments in a money market fund having a rating which, at the time of purchase, are rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency;

(8) Pre-Refunded Municipal Obligations which, at the time of purchase, are rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency;

(9) Investment agreements with any financial institution or other entity with debt rated which, at the time of purchase, are rated in a rating category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency, which may be established by a Ratings Certificate;

(10) Contracts for the purchase and sale of obligations described in clauses (1) through (8) of this definition, provided that: (i) if the parties with which such contracts are made are not members of the Federal Reserve System or if such parties (including members of the Federal Reserve System) are not required to set aside and otherwise identify obligations described in clauses (1) through (8) above to such contracts as security or reserve therefore, such obligations are to be delivered to and held by a fiduciary during the term of such contracts, (ii) such obligations are to be continuously maintained at a market value at least equal to 100% of the face value of each such contract, and (iii) the provider of such contract will not adversely affect the rating on the Bonds then in effect;

(11) Investments in any mutual fund the portfolio of which is limited to Investment Obligations, including any proprietary mutual fund of the Trustee for which the Trustee or an affiliate is investment advisor or provides other services to such mutual fund and receives reasonable compensation for such services (and if such mutual fund consists solely of Government Obligations, then such fund will constitute "Government Obligations" for the purposes of the Bond Resolution); and

(12) Any investments authorized in a Series Resolution authorizing the issuance of Bonds or a Supplemental Resolution.

For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political

subdivision or corporation of a government. Any reference in this definition to the highest rating of short-term obligations is without regard to any refinement or gradation such as “+” or “-”.

The Trustee may purchase Investment Obligations that do not meet the requirements set forth in this definition, so long as the purchase of such Investment Obligations does not, as of the date of such investment, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds by any Rating Agency. If the rating of any Investment Obligation purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Investment Obligation.

The definition of Investment Obligation may be amended and additional obligations or investments included pursuant to a Supplemental Resolution or a Series Resolution, provided such amendments will not in and of themselves cause a reduction in the rating of the Bonds as in effect immediately before such amendment which may be established by a Ratings Certificate.

“Liquidation Proceeds” means the net amounts (other than Insurance Proceeds) received in connection with the liquidation of a defaulted Program Asset, whether through foreclosure, trustee’s sale, repurchase by a mortgage lender, or otherwise, less any costs and expenses incurred in realizing those amounts.

“Loan” means: (1) a loan, made or purchased or otherwise financed by the Administration; (2) a portion of, or participation in, a loan made or purchased or otherwise financed by the Administration; or (3) a mortgage-backed security, security or certificate in connection with a loan exchanged for or otherwise evidencing ownership of an interest in a loan purchased or otherwise financed by the Administration, which may (but is not required to) be subject to Credit Enhancement. A Loan may or may not be secured by a Mortgage, to the extent permitted by the Act.

“MBS Certificates” means fully modified mortgage-backed pass-through securities representing an interest in underlying Mortgage Loans, including GNMA Certificates, Freddie Mac Certificates and Fannie Mae Certificates.

“Mortgage” means a mortgage, deed of trust or other instrument securing a Program Asset.

“Mortgage Lender” means a bank, trust company, savings institution, savings and loan association, national bank association, mortgage banker or other financial institution that is approved by the Administration as an originator and that maintains an office in the State and engages in making or originating “residential mortgage loans,” as defined in the Act; any insurance company that is authorized to transact business in the State; the Maryland Home Financing Program established pursuant to Sections 4-801 through 4-816 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended and supplemented from time to time; and any other program, instrumentality, fund, account, corporation or agency of the State from which the Administration may be authorized under the Act to purchase “residential mortgage loans,” as defined in the Act.

“Mortgage Loan” means a Loan relating to a Single Family Residence secured by a Mortgage, including a portion of or a participation in such Loan.

“NIBP Appendix” means the Appendix to Resolution Relating to New Issue Bond Program attached as an exhibit to the Program Bonds Series Resolution.

“Non-Conforming Loan” means a Loan which does not comply with the mortgage eligibility requirements of the Code.

“Outstanding” means, with respect to any Bonds as of any date, all Bonds authenticated and delivered by the Trustee under the Bond Resolution to that date, except:

1. any Bond (or portion thereof) deemed to be paid in accordance with the Bond Resolution;
2. any Bond canceled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity; and
3. any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the Bond Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which such Bond has been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu of, or in substitution for, it shall be deemed outstanding.

“Pledged Property” means Revenues and all other money and property pledged to the payment of the Bonds as set forth in the Bond Resolution.

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

“Pre-Refunded Municipal Obligations” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of any nationally recognized rating agency; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

“Program” means the Administration’s program of issuing Bonds and making or purchasing or otherwise financing Qualified Program Assets pursuant to the provisions of the Bond Resolution.

“Program Asset” means a Loan.

“Program Fund” means:

(a) For each Series of Bonds there shall be a Series Program Account. Amounts received upon the sale of a Series of Bonds shall be deposited in the Program Fund and credited to the related Series Program Account in the amount, if any, provided in the applicable Series Resolution. In addition, amounts shall be deposited in the Program Fund from the Revenue Fund as provided in Sections 403(b), 403(d) and 403(e)(5) of this Resolution and from any other source and shall be credited to the Series Program Account as specified in the Administration Request directing the transfer.

(b) Amounts in a Series Program Account or in a separate Costs of Issuance Account within the Program Fund may be used to pay Costs of Issuance of the related Series of Bonds or any other Series of Bonds or to pay any costs or administrative expenses of the Administration, or to reimburse the Administration for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Resolution, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Officer.

Any amounts on deposit in the Costs of Issuance Account may be transferred to another Fund or Account established under this Resolution or any Series Resolution upon an Administration Request.

(c) Amounts in Series Program Accounts other than amounts used or to be used to pay Costs of Issuance shall be applied by the Trustee upon Administration Request: (i) to finance the making or acquisition of Program Assets, (ii) to pay costs of Credit Enhancement with regard to Program Assets or any Credit Facility with regard to Bonds, and (iii) as otherwise provided in the Series Resolution.

(d) The Trustee shall transfer unexpended amounts in a Series Program Account to the Revenue Fund to the credit of the Redemption Account, as specified by an Administration Request, provided, however, that a de minimis amount as determined by the Administration may be deposited into the Revenue Fund.

(e) The Trustee shall transfer amounts from the Program Fund to the Revenue Fund to the credit of the Debt Service Account as provided in Section 413 of this Resolution.

(f) The Trustee shall transfer amounts in a Series Program Account for Bonds refunded in whole or in part by Bonds to the Series Program Account for the refunding Bonds, if so directed by the Series Resolution for the refunding Bonds.

“Program Bonds Series Resolution” means the Series Resolution Providing for the Issuance and Sale of \$154,290,000 Principal Amount of Single Family Housing Revenue Bonds 2009 Series A (Program Bonds) adopted by the Administration as of December 1, 2009, as the same may be amended or supplemented from time to time.

“Program Expenses” means any money required by the Administration to pay the fees or expenses of the Trustee and any expenses which the Administration lawfully may pay relating to the Program including, without limitation, costs of issuing Bonds, administrative and operating expenses of the Administration, servicing fees, Credit Enhancement, Credit Facilities, or the redemption of Bonds, or rebates of arbitrage as required by the Code, except as limited with respect to any Series of Bonds by the applicable Series Resolution.

“Purchase Commitment” means a written commitment by the Administration, signed by an authorized Officer and accepted by the developer, as amended or supplemented from time to time, to purchase from a Mortgage Lender one or more Loans.

“Qualified Program Asset” means a Program Asset satisfying the conditions set forth in the Bond Resolution.

“Rating” means at any date the then existing rating of Bonds (other than any Series of Bonds which has a rating based on a Credit Facility) by a Rating Agency.

“Rating Agency” means any nationally recognized rating agency maintaining a rating of any Bonds, pursuant to a request for a rating by the Administration.

“Rating Certificate” means, in connection with certain actions to be taken by the Administration, a Certificate of an Authorized Officer filed with the Trustee that the Administration has been advised by each Rating Agency that the Rating of that Rating Agency will not be reduced as a result of the Administration taking that action. Published rating criteria by a Rating Agency shall also constitute advice of that Rating Agency.

“Record Date” means the fifteenth business day next preceding an Interest Payment Date.

“Recovery Payment” means any payment by a mortgagor or any other recovery of principal on a Loan (including either a Mortgage Loan underlying a MBS Certificate or a Mortgage Loan purchased directly with Bond proceeds or a participation interest in either) not applied to scheduled installment of principal and interest on the Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a Prepayment of a Loan). A Recovery Payment includes, without limitation, (i) Prepayments, (ii) the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), (iii) Liquidation Proceeds, and (iv) amounts from the sale, transfer or other disposition of a Program Asset, or net recovery from Credit Enhancement to the extent not included in Insurance Proceeds, in each case representing such principal amounts.

“Refunding Bonds” means any bonds issued by the Administration to refund one or more Series of Bonds or any portion thereof. Bonds issued for the purpose of refunding bonds, notes or other obligations, whether issued by the Administration or any other person, under any authorizing or issuing document, resolution, certificate or indenture other than the Bond Resolution are not Refunding Bonds under the Bond Resolution.

“Reserve Fund” means the Fund of that name established pursuant to Section 401 of the Bond Resolution.

“Reserve Requirement” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in the Series Resolutions for all Series of Bonds Outstanding authorizing the issuance of such Outstanding Bonds. The Trustee may rely upon a Certificate from an Authorized Officer of the Administration which states the Reserve Requirement as of the date of the Certificate.

“Revenue Fund” means the Fund of that name established pursuant to Section 401 of the Bond Resolution.

“Revenues” means all payments, proceeds, rents, charges and other cash income derived by or for the account of the Administration from or related to the Program, including, without limitation, the payments of principal of and interest on Loans (including either a Mortgage Loan underlying a MBS Certificate or a Mortgage Loan purchased directly with Bond proceeds or a participation interest in either) (whether paid by or on behalf of the Borrower), including the payments of principal of and interest on Loans subject to Credit Enhancement, and investment income from all funds and accounts described in Section 401 of the Bond Resolution subject to the lien of the Bond Resolution, including Recovery Payments, and not including any fees received by the Administration for its own account pursuant to annual contribution contracts between the Administration and HUD, if any, with respect to Project Assets financed by Loans, or financing, commitment or similar fees or charges of the Administration at, prior to or after the time of making, purchasing or otherwise financing a Program Asset. Any arbitrage rebate payable to the United States are not Revenues and are not subject to the lien of the Bond Resolution.

“Serial Bonds” means Bonds which are not Term Bonds.

“Series” means one of the Series of Bonds issued under the Bond Resolution pursuant to a Series Resolution.

“Series Program Determinations” means determinations by the Administration relating to Program Assets and certain other matters required to be set forth in connection with a Series of Bonds under the Program (or provision to be determined at certain specified times in the future), as provided in a Series Resolution. Series Program Determinations shall be consistent with the Bond Resolution. They may include, without limitation, (i) the security which may be provided for each Program Asset; (ii) the principal and interest payment provisions of Loans; (iii) the maximum term to maturity of Loans; (iv) the nature of the

residences to which the Loans relate and limitations on who may be a mortgagor; (v) required credit standards and other terms of primary mortgage insurance or other credit support, if any, and the levels of coverage and applicable loan to value ratios, if appropriate; (vi) Credit Enhancement, if any; (vii) the application of a Credit Facility, if any; (viii) the manner and extent of funding, and provisions designating the use of, the Collateral Reserve Fund, if any, or any modification of the Collateral Reserve Funds; (ix) provisions for limiting or restricting use of Recovery Payments; and (x) limitations on Program Expenses.

“Series Reserve Requirement” means an amount established by a Series Resolution as a component of the Reserve Requirement while Bonds of the Series are Outstanding.

“Series Resolution” means a resolution of the Administration authorizing the issuance of a Series of Bonds and includes any determination with regard to that Series made by an Authorized Officer pursuant to the authority delegated by the Series Resolution, and executed prior to issuance of those Bonds. Series Resolution includes any resolution of the Administration amending a Series Resolution as provided in the Bond Resolution or the related Series Resolution.

“Single Family Residence” means a residential dwelling of one or more units located within the State, occupied or to be occupied within a reasonable period of time as a principal residence of the Borrower, including, without limitation, manufactured housing or mobile homes permanently affixed to the property, condominiums, and cooperative housing to the extent permitted by the Act.

“Sinking Fund Requirement” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of those Bonds. Sinking Fund Requirements may be established as fixed dollar amounts or by formula.

“State” means the State of Maryland.

“Supplemental Resolution” means any resolution of the Administration supplementing or amending the Bond Resolution.

“Taxable Bonds” means any Bonds or Series of Bonds, the income from which will be or is intended to be includable in the Bondowner’s gross income under the Code as determined at the time of issue by the Administration.

“Tax-Exempt Bonds” means any Bonds or Series of Bonds, the income from which will be or is intended to be generally excludable from the Bondowner’s gross income under the Code as determined at the time of issue by the Administration and pursuant to a Bond Counsel Opinion (subject to customary limitations).

“Term Bonds” means the Bonds of a Series with respect to which Sinking Fund Requirements have been established.

“Trustee” means any institution named in the Series Resolution related to the initial Series of Bonds and designated to act as trustee with respect to the Bonds and its successors and any consolidation or merger to which it or its successors may be a party.

“USDA/RD” means the United States Department of Agriculture, Rural Development Guaranteed Rural Housing Program.

“VA” means the United States Department of Veterans Affairs.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

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

Purposes for Which Bonds May Be Issued

Subject to limitations provided in the Bond Resolution or in a Series Resolution, the Bond Resolution provides that Bonds may be issued to provide funds for one or more of the following purposes:

- (a) for the making, purchasing or otherwise financing Program Assets;
- (b) for the refinancing of Program Assets (including, without limitation, Program Assets in default);
- (c) for the refunding of any or all Outstanding Bonds or any other bonds, notes or other obligations, whether or not the Administration is the issuer thereof, including any or all interest and redemption premiums thereon;
- (d) for the funding of reserves;
- (e) for the funding of costs of issuance, redemption premiums relating to Bonds and Administration expenses; or
- (f) achieving any other of the Administration's purposes, as described in the Act, as now or hereafter in effect. **[§101]**

Contract with Trustee and Bondowners

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

- (a) The provisions of the Bond Resolution and applicable Series Resolutions are contracts of the Administration with the Trustee, the Parties and the holders of the Bonds.
- (b) The Administration covenants that it will cause to be paid to and deposited with the Trustee all proceeds of Bonds, all payments of Loans, and all income and receipts therefrom. **[§103]**

Issuance of the Bonds

Each Series of Bonds shall be authorized and issued under and secured by the Bond Resolution pursuant to the authorization contained in a Series Resolution. The Bonds of each Series shall be designated as provided by the Series Resolution. The Bonds shall be in such subseries (if any), shall be in such denominations, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law payable beginning on such date, shall be stated to mature on such dates, shall be made redeemable at such times and prices (subject to the provisions of the Bond Resolution), shall have such interest payment dates, shall be numbered and the Term Bonds of such Series shall have such Sinking Fund Requirements, all as may be provided by the Series Resolution for such Bonds. Except as may otherwise be provided in the Series Resolution for such Bonds, and except as to any differences in the maturities or the

interest payment dates or the rate or rates of interest or the provisions for redemption, such Bonds shall be on a parity with and shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds issued under the Bond Resolution.

Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination by the Director of the Administration that the issuance of such Series of Bonds is necessary to achieve one or more purposes of the Administration, and may specify and determine such other details as may be required.

Before the Bonds of the Series shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following: (i) a copy of the Bond Resolution and the Series Resolution duly certified by an Authorized Officer; (ii) a Bond Counsel's Opinion stating in the Opinion of such counsel that (A) the Bond Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Administration (subject to reasonable exceptions with respect to enforceability under bankruptcy laws, the police power of the State or other similar laws, and the availability of specific performance and other equitable remedies under State law) and (B) the Bonds being issued are valid and legally binding special limited obligations of the Administration secured in the manner and to the extent set forth in the Bond Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained in the Bond Resolution and the applicable Series Resolution; (iii) a Cash Flow Statement conforming to the requirements of the Bond Resolution, accompanied by a Rating Certificate with respect to the Bonds; and (iv) a request and authorization to the Trustee on behalf of the Administration, signed by an Authorized Officer, to authenticate and deliver the Bonds to the purchaser or purchasers identified in such request upon payment (or provision therefor) to the Trustee for the account of the Administration of the purchase price of the Bonds or, in the instance of Bonds purchased for delivery at a later date or dates, upon such later date(s) as specified in a Series Resolution. **[§209]**

Purchase of Bonds

Amounts on deposit in the Revenue Fund may be applied as applicable to the purchase of Bonds of each Series then Outstanding, whether or not such Bonds or portions thereof shall then be subject to redemption. The Trustee, upon Administration Request accompanied by a Cash Flow Certificate if required by the Bond Resolution, is required to purchase from such amounts such Bonds, whether they be Serial Bonds or Term Bonds, as specified in such Administration Request. The Trustee is required to pay the interest accrued on such Bonds or portions of Bonds to the date of settlement for the Bonds from the Revenue Fund. The Bond Resolution provides that no purchase of a Bond is to be made by the Trustee after the giving of notice of redemption as to that Bond by the Trustee. Purchased Bonds are required to be delivered to the Trustee for cancellation. **[§405]**

Funds and Accounts Established by the Bond Resolution

The Bond Resolution establishes the following funds and accounts to be held by the Trustee in trust for application in accordance with the Bond Resolution;

- (i) Program Fund, which, for each Series of Bonds, will contain a Series Program Account;
- (ii) Revenue Fund, which will consist of:
 - (a) Debt Service Account,
 - (b) Recovery Payment Account,
 - (c) Redemption Account,

- (iii) Reserve Fund;
- (iv) Collateral Reserve Fund; and
- (v) Rebate Fund.

Additional Funds and Accounts (including for the purpose of depositing amounts required to be related to mortgagors or the United States) may be created and designated in Series Resolutions. **[§401]**

Program Fund

Amounts received upon the sale of a Series of Bonds are to be deposited in the Program Fund and credited to the related Series Program Account in the amount, if any, provided in the applicable Series Resolution. In addition, amounts are to be deposited in the Program Fund from the Revenue Fund as provided in the Bond Resolution and from any other source and are to be credited to the Series Program Account as specified in the Administration Request directing the transfer.

Amounts in a Series Program Account may be used to pay Costs of Issuance of the related Series of Bonds, or to reimburse the Administration for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Resolution, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Officer. Amounts in Series Program Accounts other than amounts used or to be used to pay Costs of Issuance are to be applied by the Trustee upon Administration request: (i) to finance the making or acquisition of Program Assets, (ii) to pay costs of Credit Enhancement with regard to Program Assets or any Credit Facility with regard to Bonds, and (iii) as otherwise provided in the Series Resolution. **[§402]**

Revenue Fund

The Trustee is required to transfer to and deposit in the Revenue Fund all amounts transferred to it from the Program Fund as provided in the Bond Resolution or from the Reserve Fund as provided in the Bond Resolution and credit those amounts to the Accounts as specified in the Bond Resolution. Amounts received upon the sale of a Series of Bonds are to be deposited in the Revenue Fund in the amount, if any, provided in the applicable Series Resolution, for credit to the Debt Service Account to pay debt service as specified in the Series Resolution.

Recovery Payments are to be credited to the Recovery Payment Account. Except as may be limited by a Series Resolution, amounts in the Recovery Payment Account may be transferred at any time upon an Administration Request to the Redemption Account, the Debt Service Account or any Series Program Account.

At any time, upon Administration Request, the Trustee is required to apply amounts in the Revenue Fund not credited to any Account in the Fund to pay the accrued interest portion of the cost of acquiring any Loan consistent with the related Series Resolution.

Upon their receipt, the Administration is required to notify the Trustee as to any amounts which have been received for accrued interest with respect to Loans made or acquired from amounts which were expended from the Series Program Account (to the extent not so funded from a transfer from the Revenue Fund). The Trustee is required to transfer those amounts to the credit of the applicable Series Program Account.

On or prior to each payment date for the following obligations the Trustee is required to transfer all amounts in the Revenue Fund not in any Account in the Revenue Fund to the credit of Funds and Accounts in the following priority:

(1) to the Debt Service Account, an amount sufficient, together with amounts on deposit in that Account, timely to pay interest and principal, at maturity or mandatory redemption, due on such debt service payment date the Bonds, and to pay any Expenses in connection with any Credit Facility related to such Bonds, as set forth in the Series Resolution or a Supplemental Resolution;

(2) Subject to the NIBP Appendix, to the payment of Program Expenses specified in a Series Resolution, or such other Program Expenses provided in an Administration Request;

(3) to the Reserve Fund, an amount sufficient to cause the amount on deposit in that Fund, including Cash Equivalents permitted by a Series Resolution, to equal the Reserve Requirement;

(4) to the Redemption Account, an amount as specified in an Administration Request;

(5) to any Series Program Account in the Program Fund, an amount as specified in an Administration Request; or

Subject to the NIBP Appendix, at any time the Trustee is required to, upon Administration Request and subject to the conditions of the Bond Resolution, release amounts on deposit in the Revenue Fund to the Administration for Administration Expenses free and clear of the pledge and lien of the Bond Resolution.

At any time the Trustee is required to, upon Administration Request, apply amounts in the Revenue Fund not credited to any Account in it or the Rebate Fund to make required rebates pursuant to the Code.

At any time the Trustee is required to apply, upon an Administration Request, amounts in the Revenue Fund and not credited to any Account in it to the purchase of Bonds at the times, in the manner and for the purposes set forth in the Bond Resolution.

Subject to the NIBP Appendix, at any time, upon Administration Request, amounts on deposit in the Revenue Fund may be applied to pay Program Expenses as specified in an Administration Request. **[§403]**

Notwithstanding the foregoing, pursuant to the NIBP Appendix, so long as any Program Bonds remain outstanding, the Administration may not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Bond Resolution except under the following circumstances and within the following limits:

(A) the Administration may withdraw cash from the Bond Resolution to pay ordinary and customary administrative and operating expenses of the Administration, ordinary and customary operating expenses of any of the programs of the Administration (such as, for example, fees and payments due on an interest rate swap entered into by the Administration) and to fund or reimburse the cost of programs sponsored by the Administration, subject to each of the following requirements:

1. either:

(a) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long term rating of the Program Bonds; or

(b) prior to and as a condition to such withdrawal, the Administration obtains and furnishes to U.S. Bank National Association, as administrator of the NIBP (the "Administrator"), and JPMorgan Chase

Bank, N.A., as the Treasury's financial agent (the "Treasury's Financial Agent") a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

2. prior to and as a condition to such withdrawal, the Administration provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (A) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in paragraph (A) above, no withdrawals whatsoever shall be made under paragraph (A) during any period when any of the ratings on the Program Bonds are below the level of "Baa3" or "BBB-" or has been suspended or withdrawn;

(B) the Administration may withdraw cash or other assets from the Bond Resolution for any purpose of the Administration other than as set out in paragraph (A) above, subject to each of the following requirements:

1. prior to and as a condition to such withdrawal, the Administration obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the rating on the Program Bonds will be not less than Aa3 as determined by Moody's with a rating outlook that is either "stable" or "positive" or the equivalent;

2. the cash or other assets withdrawn from the lien of the Bond Resolution pursuant to this paragraph (B) are retained by the Administration within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Administration; and

3. prior to and as a condition of such withdrawal, the Administration provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (B) have been met with respect to such withdrawal.

Reserve Fund

The Administration is required to deposit amounts in the Reserve Fund as provided in the Series Resolutions and as provided in the Bond Resolution. The Trustee is required to transfer money held in the Reserve Fund to the Debt Service Account, pursuant to the Bond Resolution. Amounts held in the Reserve Fund as of any date in excess of the Reserve Requirement, taking into account any Cash Equivalents in the Reserve Fund, are required to, upon an Administration Request, be transferred to the Revenue Fund. A Series Resolution may provide that the Reserve Requirement or any excess balances in the Reserve Fund with respect to the applicable Series of Bonds may be funded in whole or in part through Cash Equivalents or other Program Assets. [§407]

Collateral Reserve Fund

Moneys, Cash Equivalents, Program Assets, Non-Conforming Loans and other assets may be deposited into the Collateral Reserve Fund in accordance with the requirements of a Series Resolution or a Supplemental Resolution, which may establish terms, conditions and provisions relating to the funding of the Collateral Reserve Fund, the making or purchase of loans or other Assets approved by the Administration, disbursement of moneys or Cash Equivalents and the sale, disposition or release of Program Assets, Non-Conforming Loans from such fund, and maintenance of moneys, Cash Equivalents, Program Assets or Non-Conforming Loans, or assets required to be held in such fund with respect to either a Series of Bonds or generally. Any moneys, Cash Equivalents, Program Assets, Non-Conforming Loans or other assets on deposit in the Collateral Reserve Fund may be transferred to any other Fund or Account or withdrawn by the Administration upon receipt by the Trustee of an Administration request.

The Trustee is required to transfer amounts from the Collateral Reserve Fund to the credit of the Debt Service Account as provided in the Bond Resolution. **[§408]**

Sale of Program Assets; Release of Lien of Resolution.

Subject to the NIBP Appendix, the Administration is authorized to sell, assign or otherwise dispose of a Program Asset not in default (and release the same from the lien of the Bond Resolution), provided that the Administration files with the Trustee a Cash Flow Certificate taking into account such sale, assignment or disposition pursuant to the Bond Resolution.

The Administration is authorized to release a Program Asset secured by a Credit Facility or Credit Enhancement, reserves created or held with respect to such Program Asset or the Series of Bonds (or portion of such Series) issued to make, purchase or finance such Program Asset and any other moneys to be received with respect to such Program Asset from the lien of the Bond Resolution at the direction of the Credit Facility Provider or Credit Enhancer which issued or provided any Credit Facility securing the Series of Bonds which financed the Program Asset or the Credit Enhancement securing the Program Asset, provided such Credit Facility or Credit Enhancement continues in effect. Such release may occur only after payment is made under the terms of the Credit Facility or Credit Enhancement. **[§617]**

Cash Flow Statements and Certificates

See the discussion of Cash Flow Statements and Certificates under the heading “SECURITY FOR THE BONDS – Cash Flow Statements and Certificates”.

The Cash Flow Statement shall be based upon the Administration’s reasonable expectations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agency’s ratings on the Bonds. In calculating the amount of interest due on Bonds in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate as defined in a Supplemental Resolution, the initial interest rate shall be used so long as doing so does not adversely affect any of the Rating Agency’s ratings on the Bonds. **[§608]**

Redemption of Bonds

The Bonds issued under the provisions of the Bond Resolution are subject to redemption, both in whole and in part and at such times and redemption prices, as may be provided in the applicable Series Resolution. Term Bonds may be made subject to sinking fund redemption pursuant to their Sinking Fund Requirements on the dates and during the period during which such Sinking Fund Requirements are in effect, as established in the applicable Series Resolution.

The Trustee, at the direction of the Administration, is required to select the Bonds or portions of Bonds to be redeemed or purchased in accordance with the Bond Resolution and the applicable Series Resolution. Except as otherwise stated in the related Series Resolution, money is required to, upon an Administration Request to the Trustee accompanied by a Cash Flow Certificate, as may be required by the Bond Resolution, be applied by the Trustee to the purchase or the redemption of Bonds selected from among the Series (and subseries, if applicable), maturities and interest rates on the basis specified by the Administration in that Administration Request. Except as otherwise provided in a Series Resolution, the Administration Request relating to each redemption of Bonds is required to be filed with the Trustee at least fifteen (15) days prior to the date upon which notice of redemption is caused to be delivered by the Trustee to all registered owners of Bonds to be redeemed, or such lesser number of days as are acceptable to the Trustee.

Except as otherwise provided in a Series Resolution, if less than all of the Bonds of one Series (and subseries, if applicable) and one maturity bearing the same interest rate (and otherwise of like tenor) are called

for redemption, the particular Bonds of such Series (and subseries if applicable) and maturity bearing the same rate of interest (and otherwise of like tenor) to be redeemed are to be selected not later than fifteen (15) days prior to the date upon which notice of redemption is caused to be delivered by the Trustee to all registered owners of Bonds to be redeemed, or such lesser number of days as are acceptable to the Trustee in such manner as directed by the Administration. If no such direction is received by the Trustee, the Trustee is required to select the Bonds to be redeemed by lot or in such other manner as it in its discretion may determine. The portion of Bonds of any Series (and subseries, if applicable) to be redeemed is required to be in the minimum principal amount or some integral multiple of such minimum principal amount established for such Bonds in the applicable Series Resolution, and in selecting Bonds for redemption, the Trustee is required to treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by such minimum principal amount.

If less than all of the Term Bonds Outstanding of any one maturity of a Series (or subseries, if applicable) are purchased for cancellation or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed is to be credited, to the extent practicable, except as otherwise provided in an Administration Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series (and subseries, if applicable) and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series (and subseries, if applicable) and maturity then Outstanding. [§301]

Investment of Moneys Held by the Trustee

Any and all money held by the Trustee under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution, is to be held in trust, is to be applied only in accordance with provisions of the Bond Resolution and are not to be subject to any lien, charge or attachment by any creditor of the Administration.

Money deposited under the Bond Resolution is to, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of an Authorized Officer (promptly confirmed by delivery of an Administration Request) in Investment Obligations (or such particular Investment Obligations as provided for in a Series Resolution) which are to be in such amounts and bear interest at such rates that sufficient money will be available to pay the principal and interest when due on the Bonds and the other obligations permitted under the Bond Resolution and which mature, or which are subject to redemption by the holder at the option of the holder, such that sufficient money will be available for the purposes intended.

Any Investment Obligations so purchased in any Account or Fund are to be deemed at all times to be part of such Account or Fund. Unless the Administration otherwise directs, any interest paid on the investment in any Account or Fund (except the Rebate Fund) is to be credited to the Revenue Fund and is to be treated as Revenues. Any interest paid on the investment of the Rebate Fund is required to be credited to the Rebate Fund. Any profit or loss resulting from an investment is to be credited to or charged against the applicable Account or Fund of which it is an investment. The Trustee is required to sell or present for redemption any obligations so purchased whenever it is necessary to do so in order to provide money to meet any payment or transfer from any such Account or Fund. The Trustee, when authorized by an Authorized Officer, may trade with itself in the purchase and sale of securities for such investment. Neither the Trustee nor the Administration is liable or responsible for any loss resulting from any such investment. [§§501 and 502]

Program Covenants; Enforcement of Mortgage Loans

The Administration covenants in the Bond Resolution that:

(i) the Administration will use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make or purchase or otherwise finance Qualified Program

Assets or otherwise apply such proceeds in accordance with the provisions and requirements of each applicable Series Resolution;

(ii) the Administration will do all such acts and things as are necessary to receive and collect Revenues and such payments for taxes, insurance and similar items as are normally escrowed by prudent mortgage servicing institutions in the State, consistent with sound practices and principles;

(iii) the Administration will diligently enforce and take all steps, actions and proceedings reasonably necessary, in the judgment of the Administration, for the enforcement of all terms, covenants and conditions of Mortgages and Loans;

(iv) the Administration will establish income and occupancy requirements to assure compliance with the Act for the Borrower for each Single Family Residence financed with the proceeds of a Loan; and

(v) the Administration will take all reasonable steps, actions and proceedings it deems appropriate or necessary for the enforcement of all terms, covenants and conditions of Loans made, purchased or financed by the Administration, including the prompt collection of Loan repayments and fees and charges and other Revenues. **[§615]**

Tax Covenants

The Administration covenants in the Bond Resolution that it will comply with the applicable tax covenants contained in any applicable Series Resolution. **[§609]**

Events of Default

Each of the following constitutes an Event of Default under the Bond Resolution:

(1) payment of interest on or the principal or redemption price of any of the Bonds is not made when due and payable; or

(2) default in the due and punctual performance of any other covenants or agreements contained in the Bonds or in the Bond Resolution or any Series Resolution and such default continues for ninety (90) days after written notice requiring the default to be remedied, has been given to the Administration by the Trustee. The Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. However, if such default can be remedied, so long as following such notice the Administration is diligently taking actions to remedy such default, such default is not an Event of Default under the Bond Resolution. **[§701]**

Remedies; Rights of Bondowners

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds is required to proceed, subject to the provisions of the Bond Resolution, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under the Bond Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Bond Resolution or in aid or execution of any power granted in the Bond Resolution or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Bond Resolution the Trustee is entitled (1) to sue for, enforce payment of and recover judgment for, in its own name as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Administration for unpaid principal, premium, if any, interest or otherwise under any of the provisions of the Bond Resolution or the Bonds, with, to the extent permitted by the applicable law, interest on overdue payments of principal of and interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Bond Resolution and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and (2) to recover and enforce any judgment or decree against the Administration, but solely as provided in the Bond Resolution, the Series Resolution, and in the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to the Bond Resolution, if requested in writing by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds, is required to institute and maintain such suits and proceedings as it may be advised are necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts which may be unlawful or in violation of the Bond Resolution or of any Series Resolution or (ii) to preserve or protect the interest of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of Bonds not making such request.

If a covenant is set forth in a Series Resolution, limitations on the remedies available upon an Event of Default related to such covenant may be set forth in such Series Resolution. **[§703]**

Rights of Bondowners to Direct Proceedings

Notwithstanding anything in the Bond Resolution to the contrary, the Owners of a majority in principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of the Bond Resolution, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee or exercising any trust or power conferred upon the Trustee, provided that such direction shall not be otherwise than in accordance with law, the provisions of the Bond Resolution and the Act and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondowners not joining in such direction. **[§707]**

Waiver of Events of Default

The Trustee, upon written direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds, is required to waive any Event of Default, which in the opinion of those Owners has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by them under the provisions of the Bond Resolution or before the completion of the enforcement of any other remedy under the Bond Resolution, but no such waiver may extend to or affect any other existing or any subsequent Event or Events of Default or impair any rights or remedies consequent to it. **[§713]**

Modification of Resolutions and Outstanding Bonds

The Bond Resolution provides procedures whereby the Administration may amend the Bond Resolution or a Series Resolution by adoption of a Supplemental Resolution. Amendments that may be made without the consent of Bondowners may be only for certain purposes and include curing any ambiguity, defect or omission in the Bond Resolution or conferring upon the Trustee additional rights, remedies, powers, authority or security that may be lawfully granted. **[§1001]**

Amendments of certain of the respective rights and obligations of the Administration and the Bondowners may be made with the written consent of the holders of greater than fifty percent (50%) in aggregate principal amount of the Outstanding Bonds; however, without the consent of all adversely affected Bondowners, no Supplemental Resolution may (a) change the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) reduce the principal amount of any Bond or the redemption premium or the rate of interest on it, or (c) create or grant a pledge, assignment, lien or security interest of the Pledged Property, or any part of it, other than as created or permitted by the Bond Resolution without the Supplemental Resolution, or (d) create a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as may be permitted by the Bond Resolution or (e) reduce the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Resolution. If any such modification, supplement or amendment will by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of those Bonds are not required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Bond Resolution. **[§1002]**

Notwithstanding the foregoing, pursuant to the NIBP Appendix, so long as any Program Bonds remain outstanding, the Administration may not amend, supplement, or modify the Indenture in any material respects without the prior written consent of the GSEs. The determination of the GSEs as to materiality shall be controlling.

Defeasance

If the Administration shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of the Bonds then Outstanding, the principal, redemption premium, if any, and interest to become due thereon, at the times and in the manner stipulated in the Bond Resolution and in the Series Resolutions, then the covenants, agreements and other obligations of the Administration to the Registered Owners of the Bonds shall be discharged and satisfied. In such event, the Trustee shall pay over or deliver to the Administration all money or securities held by it pursuant to the Bond Resolution which are no longer required for the payment or redemption of Bonds not already then surrendered for such payment or redemption. **[§1101(a)]**

Pursuant to the Bond Resolution, all Bonds will, prior to their maturity or redemption date, be deemed to have been paid pursuant to the Bond Resolution if, among other things, there is deposited with the Trustee either money in an amount which is sufficient, or Government Obligations the principal of and interest on which when due will provide money which, without reinvestment, when added to the money, if any, deposited with such Trustee at the same time, is sufficient to pay the principal of those Bonds at maturity, or on sinking fund installment dates for Term Bonds, or the principal, redemption premium, if any, and interest due and to become due on those Bonds on and prior to the redemption date or maturity date (or sinking fund installment dates for Term Bonds) of the Bonds, as the case may be. **[§1101(b)]**

Trustee

The Trustee is required to undertake the duties and obligations imposed upon it under the Bond Resolution and each of the Series Resolutions. If an Event of Default has occurred and is continuing, the Trustee is required to exercise such of the rights and powers vested in it by the Bond Resolution, and is required to use the same degree of care that a prudent person would exercise in the circumstances in the conduct of such person's own affairs. However, the Trustee is under no obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of the Bond Resolution or Bonds, or to advance any of its own moneys, unless properly indemnified in accordance with the Bond Resolution. The Bond Resolution provides that the Trustee will not be liable in connection with the performance of its duties under the Bond Resolution, except for its own negligence or default. **[§§801-803]**

The Trustee may resign and thereby become discharged from the trusts, by notice in writing to be given to the Administration and mailed, first class, postage prepaid, to all Registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee, not less than sixty (60) days before such resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee, if such new Trustee is appointed before the time limited by such notice and then accepts the trusts. The Bond Resolution provides that no resignation of the Trustee is effective if an Event of Default, or any event which upon the passage of time would be an Event of Default has occurred and is continuing except upon the consent of Owners of a majority in principal amount of the Outstanding Bonds. **[§812]**

Subject to the Bond Resolution, the Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the Owners of not less than a majority in principal amount of the Outstanding Bonds and filed with the Administration. A facsimile copy of each such instrument is required to be delivered promptly by the Administration to the Trustee. The Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds. The Trustee may be removed at any time by the Administration (provided that the Administration is not in default under the Bond Resolution) in its sole discretion by written notice to the Trustee. **[§813]**

Notwithstanding the forgoing, pursuant to the NIBP Appendix, so long as any Program Bonds remain outstanding, no successor Trustee shall be appointed without the prior written consent of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (each a “GSE” and, together, the “GSEs”).

Pursuant to the NIBP Appendix, so long as any Program Bonds remain outstanding, each GSE is intended to be and shall be a third-party beneficiary of the Bond Resolution, the Program Bonds Series Resolution and the NIBP Appendix and shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions of the NIBP Appendix

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APPENDIX E

OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION

Outstanding Single Family Housing Revenue Bonds

The following table sets forth certain information relating to Bonds issued by the Administration under the Bond Resolution outstanding as of April 1, 2013.

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Single Family Housing Revenue Bonds				
2011 Series A (New Issue)	2011	3/1/2027	\$40,310,000	\$36,870,000
2009 Series A-1 (Released Program Bonds)	2011	9/1/2041	60,460,000	60,460,000
2011 Series B (New Issue)	2011	3/1/2027	40,000,000	37,725,000
2009 Series A-2 (Released Program Bonds)	2011	9/1/2041	60,000,000	60,000,000
2011 Series C (New Issue)	2011	3/1/2027	22,555,000	21,250,000
2009 Series A-3 (Released Program Bonds)	2011	9/1/2041	33,830,000	33,830,000
Total Single Family Housing Revenue Bonds			<u>\$257,155,000</u>	<u>\$250,135,000</u>

Other Outstanding Bonds of the Administration

The following table sets forth certain information relating to Bonds issued by the Administration under its other programs and outstanding as of April 1, 2013.

	Effective Bond Yield	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Residential Revenue Bonds						
2003 Series A	3.642019%	2003	9/1/2015	9,550,000	2,955,000	(1)
2003 Series B	4.650537%	2003	9/1/2026	15,450,000	615,000	(1)
2003 Series C	(2)	2003	9/1/2035	20,000,000	20,000,000	(1)
2004 Series A	3.806300%	2004	9/1/2016	10,710,000	4,490,000	(1)
2004 Series B	4.799120%	2004	9/1/2028	19,290,000	3,140,000	(1)
2004 Series D	4.029268%	2004	9/1/2016	12,960,000	5,305,000	(1)
2004 Series E	5.081152%	2004	3/1/2030	27,040,000	8,965,000	(1)
2004 Series F	(2)	2004	9/1/2035	20,000,000	20,000,000	(1)
2004 Series G	3.310198%	2004	9/1/2016	13,445,000	5,390,000	(1)
2004 Series H	4.621570%	2004	9/1/2029	26,555,000	9,375,000	(1)
2004 Series I	(2)	2004	9/1/2035	20,000,000	20,000,000	(1)
2005 Series A	3.655208%	2005	9/1/2016	12,640,000	5,565,000	(1)
2005 Series B	4.792302%	2005	9/1/2029	27,360,000	14,485,000	(1)
2005 Series D	3.910070%	2005	9/1/2017	13,485,000	6,775,000	(1)
2005 Series E	4.974120%	2005	9/1/2036	46,515,000	33,900,000	(1)
2006 Series A	3.983190%	2006	9/1/2017	12,020,000	6,535,000	(1)
2006 Series B	4.984790%	2006	9/1/2037	47,980,000	35,345,000	(1)
2006 Series E	4.199900%	2006	9/1/2017	23,540,000	12,865,000	(1)
2006 Series F	5.307100%	2006	9/1/2039	56,460,000	32,950,000	(1)
2006 Series G	(2)	2006	9/1/2040	40,000,000	40,000,000	(1)
2006 Series H	4.102933%	2006	9/1/2017	17,670,000	9,685,000	(1)
2006 Series I	5.204300%	2006	3/1/2041	142,330,000	92,925,000	(1)
2006 Series J	(3)	2006	9/1/2040	60,000,000	60,000,000	(1)
2006 Series K	4.111420%	2006	9/1/2017	15,000,000	8,255,000	(1)
2006 Series L	5.062770%	2006	3/1/2041	165,000,000	126,670,000	(1)
2006 Series O	3.829481%	2006	9/1/2017	10,000,000	5,470,000	(1)
2006 Series P	4.858303%	2006	9/1/2037	85,000,000	61,595,000	(1)
2006 Series S	6.135383%	2006	9/1/2037	25,000,000	18,120,000	(3)
2007 Series A	4.951603%	2007	9/1/2047	270,000,000	204,145,000	(1)
2007 Series B	6.065560%	2007	9/1/2037	30,000,000	22,625,000	(3)
2007 Series C	3.944500%	2007	9/1/2017	45,000,000	27,105,000	(1)
2007 Series D	4.924814%	2007	3/1/2048	175,000,000	139,075,000	(1)
2007 Series E	6.031685%	2007	9/1/2042	49,375,000	42,545,000	(4)
2007 Series F	(3)	2007	9/1/2031	46,485,000	37,350,000	(8)
2007 Series G	4.245422%	2007	9/1/2017	61,605,000	33,915,000	
2007 Series H	5.150783%	2007	3/1/2048	63,395,000	59,350,000	
2007 Series I	6.523650%	2007	9/1/2043	62,800,000	55,290,000	(4)
2007 Series J	(2)	2009	9/1/2031	58,680,000	46,100,000	(6)
2007 Series K	3.761910%	2007	9/1/2017	30,000,000	16,285,000	
2007 Series M	(2)	2007	9/1/2043	29,050,000	29,050,000	(7)
2008 Series A	3.895197%	2008	9/1/2017	60,000,000	43,850,000	
2008 Series B	3.909668%	2008	9/1/2017	19,770,000	11,725,000	
2008 Series C	5.453421%	2008	9/1/2048	80,230,000	42,365,000	
2008 Series D	(2)	2008	9/1/2038	50,000,000	49,890,000	
2008 Series E	4.290850%	2008	9/1/2017	21,500,000	15,000,000	

	Effective Bond Yield	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Residential Revenue Bonds						
2008 Series F	5.500088%	2008	9/1/2038	18,500,000	6,000,000	
2009 Series A	4.798085%	2009	9/1/2039	40,000,000	37,675,000	
2009 Series B	4.516954%	2009	9/1/2039	45,000,000	42,280,000	
2009 Series C	4.227838%	2009	9/1/2039	15,985,000	15,015,000	
2010 Series A	4.416792%	2010	3/1/2021	28,465,000	26,080,000	
2010 Series B	5.325532%	2010	9/1/2035	40,000,000	39,205,000	
2011 Series A	4.494892%	2011	9/1/2041	70,825,000	67,575,000	(1)
2011 Series B	(2)	2011	3/1/2036	20,000,000	20,000,000	(1)
2012 Series A	3.123440%	2012	9/1/2025	44,450,000	42,950,000	(1)(5)
2012 Series B	(2)	2012	9/1/2033	45,000,000	45,000,000	(1)(5)
Total Residential Revenue Bonds				<u>\$2,516,115,000</u>	<u>\$1,888,820,000</u>	

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Housing Revenue Bonds					
Series 1996 A	1996	7/1/2023	\$137,385,000	\$8,135,000	
Series 1996 B	1996	7/1/2028	2,575,000	1,305,000	
Series 1999 A	1999	7/1/2041	16,345,000	14,420,000	
Series 1999 D	1999	7/1/2042	14,565,000	5,425,000	
Series 2000 A	2000	7/1/2042	27,445,000	24,935,000	
Series 2001 B	2001	7/1/2043	47,630,000	24,715,000	
Series 2002 A	2002	7/1/2043	9,500,000	8,705,000	
Series 2002 B	2002	7/1/2045	34,435,000	25,990,000	
Series 2002 D	2002	7/1/2035	8,280,000	7,350,000	
Series 2003 A	2003	7/1/2045	24,730,000	22,995,000	
Series 2003 C	2003	7/1/2045	10,735,000	10,040,000	
Series 2003 D	2003	7/1/2045	12,080,000	11,215,000	
Series 2004 B	2004	7/1/2046	20,320,000	18,760,000	
Series 2004 C	2004	1/1/2047	36,515,000	33,595,000	
Series 2004 D	2004	7/1/2037	3,270,000	1,365,000	
Series 2005 A	2005	1/1/2047	6,385,000	5,995,000	
Series 2005 B	2005	1/1/2047	19,355,000	18,215,000	
Series 2005 C	2005	7/1/2047	13,985,000	11,845,000	
Series 2006 A	2006	7/1/2047	10,800,000	9,455,000	
Series 2006 B	2006	1/1/2039	4,800,000	2,670,000	
Series 2006 C	2006	7/1/2036	2,120,000	1,880,000	
Series 2006 D	2006	7/1/2048	8,000,000	4,270,000	
Series 2007 A	2007	1/1/2049	22,435,000	20,550,000	
Series 2007 B	2007	1/1/2038	4,875,000	4,690,000	
Series 2007 C	2007	1/1/2043	2,310,000	1,480,000	
Series 2008 A	2008	7/1/2038	5,845,000	5,435,000	
Series 2008 B	2008	7/1/2049	17,360,000	10,040,000	
Series 2008 C	2008	7/1/2048	11,380,000	7,380,000	
Series 2008 D	2008	7/1/2039	5,110,000	3,720,000	
Series 2009 A	2009	7/1/2041	8,755,000	7,240,000	
Series 2012 A	2012	1/1/2054	9,340,000	9,340,000	
Series 2012 B	2012	7/1/2054	5,505,000	5,505,000	
Series 2012 C	2012	9/1/2014	7,200,000	7,200,000	
Series 2012 D	2012	1/1/2054	4,700,000	4,700,000	
Series 2013 A	2013	7/1/2054	10,925,000	10,925,000	
Total Housing Revenue Bonds			<u>\$586,995,000</u>	<u>\$371,485,000</u>	

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Multi-Family Mortgage Revenue Bonds					
Series 2010 A (New Issue)	2010	7/1/2030	\$8,410,000	\$8,015,000	
Series 2009 A-1 (Released Program Bonds)	2010	7/1/2051	24,380,000	24,380,000	
Series 2010 B (New Issue)	2010	7/1/2045	16,730,000	16,540,000	
Series 2009 A-2 (Released Program Bonds)	2010	7/1/2051	6,610,000	6,610,000	
Series 2009 A-3 (Released Program Bonds)	2010	1/1/2044	5,410,000	5,410,000	(9)
Series 2010 D (New Issue)	2010	1/1/2035	6,880,000	6,140,000	
Series 2009 A-4 (Released Program Bonds)	2010	7/1/2051	10,760,000	10,760,000	
Series 2011 A (New Issue)	2011	7/1/2026	2,190,000	2,095,000	
Series 2009 A-5 (Released Program Bonds)	2011	7/1/2051	8,460,000	8,460,000	
Series 2011 B (New Issue)	2011	1/1/2028	8,680,000	6,145,000	
Series 2009 A-6 (Released Program Bonds)	2011	7/1/2051	13,230,000	13,230,000	
Series 2011 C (New Issue)	2011	7/1/2051	16,685,000	16,685,000	
Series 2009 A-7 (Released Program Bonds)	2011	7/1/2051	23,190,000	23,190,000	
Total Multi-Family Mortgage Revenue Bonds			<u>\$151,615,000</u>	<u>\$147,660,000</u>	

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Infrastructure Financing Bonds (MBIA Insured)				
1997 Series A.....	1997	6/1/2027	\$ 9,860,000	\$510,000
1998 Series A.....	1998	6/1/2018	6,320,000	90,000
1998 Series B.....	1998	6/1/2028	30,320,000	865,000
1998 Series C.....	1998	12/1/2020	2,845,000	160,000
1999 Series A.....	1999	6/1/2029	6,985,000	920,000
2001 Series A.....	2001	6/1/2031	8,460,000	705,000
Total Infrastructure Financing Bonds (MBIA Insured).....			<u>\$64,790,000</u>	<u>\$3,250,000</u>

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Local Government Infrastructure Bonds (Ambac Insured)				
2002 Series A.....	2002	6/1/2032	\$11,790,000	\$ 285,000
2002 Series B.....	2002	6/1/2022	3,555,000	165,000
2003 Series A.....	2003	6/1/2023	14,560,000	5,530,000
2004 Series A.....	2004	6/1/2034	16,375,000	9,865,000
2004 Series B.....	2004	6/1/2034	4,735,000	3,810,000
2005 Series A.....	2005	6/1/2030	9,345,000	7,170,000
2006 Series A.....	2006	6/1/2026	8,940,000	6,040,000
2007 Series A.....	2007	6/1/2037	11,460,000	9,245,000
2007 Series B.....	2007	6/1/2027	24,575,000	19,190,000
Total Local Government Infrastructure Bonds (Ambac Insured).....			<u>\$105,335,000</u>	<u>\$61,100,000</u>

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Local Government Infrastructure Bonds				
2010 Series A-1 (Senior Obligations).....	2010	6/1/2030	\$19,395,000	\$17,650,000
2010 Series A-2 (Subordinate Obligations).....	2010	6/1/2030	8,515,000	7,760,000
2012 Series A-1 (Senior Obligations).....	2012	6/1/2032	9,550,000	9,550,000
2012 Series A-2 (Subordinate Obligations).....	2012	6/1/2032	4,420,000	4,420,000
2012 Series B-1 (Senior Obligations).....	2012	6/1/2032	14,900,000	14,900,000
2012 Series B-2 (Subordinate Obligations).....	2012	6/1/2032	6,855,000	6,855,000
Total Local Government Infrastructure Bonds.....			<u>\$63,635,000</u>	<u>\$61,135,000</u>

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Multifamily Development Revenue Bonds					
1990 Issue B (Middle Branch Manor).....	1990	6/1/2020	\$ 12,350,000	\$ 6,900,000	(2)
1990 Issue C (Harbor City Townhomes).....	1990	6/1/2020	4,150,000	2,350,000	(2)
Series 1998 A (Auburn Manor Project).....	1998	10/1/2028	11,000,000	7,960,000	
Series 1999 A (GNMA-Selborne House Project).....	1999	12/20/2040	2,150,000	1,935,000	
Series 2001 C (Parklane Apartments Project).....	2001	2/15/2034	9,800,000	9,800,000	(2)
Series 2001 D (Princess Anne Townhouses).....	2001	12/15/2033	4,350,000	3,270,000	
Series 2001 E (Princess Anne Townhouses).....	2001	12/15/2033	2,875,000	2,495,000	(2)
Series 2001 F (Waters Tower Senior Apts.).....	2001	12/15/2033	7,570,000	5,635,000	
Series 2001 G (Waters Tower Senior Apts.).....	2001	12/15/2033	4,045,000	3,500,000	(2)
Series 2002 B (Broadway Homes Project).....	2002	5/1/2020	5,045,000	2,110,000	
Series 2002 C (Orchard Mews Apartment Project).....	2002	5/1/2035	5,845,000	4,675,000	
Series 2003 A (Barrington Apartments Project).....	2003	6/15/2037	40,000,000	39,905,000	(2)
Series 2005 A (Fort Washington Manor Sr. Housing).....	2005	11/15/2038	14,000,000	13,150,000	(2)
Series 2005 B (Washington Gardens).....	2005	2/1/2036	5,000,000	2,290,000	
Series 2006 A (Barclay Greenmount Apartments).....	2006	4/1/2035	4,535,000	3,550,000	
Series 2006 B (Charles Landing South Apartments).....	2006	12/1/2036	3,375,000	3,375,000	(2)
Series 2007 A (Brunswick House Apartments).....	2007	10/1/2037	3,000,000	1,965,000	
Series 2007 B (Park View at Catonsville).....	2007	12/1/2037	5,200,000	4,750,000	(2)
Series 2008 A (Walker Mews Apartments).....	2008	5/1/2048	11,700,000	11,700,000	(2)
Series 2008 B (Shakespeare Park Apartments).....	2008	5/1/2038	7,200,000	7,200,000	(2)
Series 2008 C (The Residences at Ellicott Gardens).....	2008	12/1/2040	9,105,000	6,175,000	(2)
Series 2008 D (Crusader Arms Apartments).....	2008	2/1/2041	3,885,000	2,660,000	(2)
Series 2008 E (Monte Verde Apartments).....	2008	3/1/2041	15,200,000	15,200,000	(2)
Series 2008 F (Hopkins Village Apartments).....	2008	11/1/2038	9,100,000	9,100,000	(2)
Series 2008 G (Kirkwood House Apartments).....	2008	12/1/2038	16,000,000	16,000,000	(2)
Series 2009 A (Sharp Leadenhall Apartments).....	2009	3/1/2041	16,950,000	16,950,000	(2)
Series 2012 A (Park View at Bladensburg).....	2012	12/1/2030	30,500,000	3,500,000	
Series 2012 B (Park View at Bladensburg).....	2012	9/1/2014	800,000	800,000	
Series 2013 A (Gateway Village).....	2013	3/1/2015	9,700,000	9,700,000	
Series 2013 C (The Greens at English Consul).....	2013	3/1/2015	7,225,000	7,225,000	
Series 2013 D (The Greens at Logan Field).....	2013	3/1/2015	7,550,000	7,550,000	
Total Multi-Family Development Revenue Bonds.....			<u>\$262,205,000</u>	<u>\$233,375,000</u>	

	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	
Multifamily Development Revenue Refunding Bonds Series 1997 (Avalon Lea Apartments Project)	1997	6/15/2026	\$16,835,000	\$16,835,000	(2)
Total Multifamily Development Revenue Refunding Bonds			<u>\$16,835,000</u>	<u>\$16,835,000</u>	
Capital Fund Securitization Revenue Bonds Series 2003	2003	7/1/2021	\$94,295,000	\$65,030,000	
Total Capital Fund Securitization Revenue Bonds			<u>\$94,295,000</u>	<u>\$65,030,000</u>	
Local Government Infrastructure Bonds 2011 Series A (Mayor and City Council of Cumberland Issue)	2011	6/1/2032	\$12,275,000	\$12,275,000	
Total Local Government Infrastructure Bonds			<u>\$12,275,000</u>	<u>\$12,275,000</u>	
Total Amount of Other Bonds Outstanding			<u>\$3,874,095,000</u>	<u>\$2,860,965,000</u>	
Total Amount of Single Family Housing Revenue Bonds Outstanding (10)			<u>\$257,155,000</u>	<u>\$250,135,000</u>	
Total Amount of All Bonds Outstanding			<u>\$4,131,250,000</u>	<u>\$3,111,100,000</u>	

- (1) Certain prepayments of mortgage loans financed with the proceeds of such series of bonds are to be applied first to the redemption of certain bonds within such series.
- (2) These are variable rate bonds that are repriced according to the terms in the respective Official Statement.
- (3) These are taxable pass through bonds.
- (4) These are taxable bonds with redemption provisions pertaining only to these bonds. For a description of the redemption provisions refer to the Official Statement.
- (5) These are taxable bonds.
- (6) These bonds were remarketed September 24, 2009 from taxable to tax-exempt. The bonds were originally issued on August 9, 2007 in the amount of \$62,200,000. For a description of the redemption provisions refer to the Official Statement.
- (7) These bonds were remarketed October 8, 2009 from taxable to tax-exempt. The bonds were originally issued on December 12, 2007 in the amount of \$30,000,000. For a description of the redemption provisions refer to the Official Statement.
- (8) These bonds were remarketed October 27, 2009 from taxable to tax-exempt. The bonds were originally issued on June 20, 2007 in the amount of \$50,625,000. For a description of the redemption provisions refer to the Official Statement.
- (9) Multi-Family Mortgage Revenue Bonds Series 2009 A-3 are non-parity bonds under this bond resolution. These bonds are special obligations payable solely from the trust estate pledged under the series resolution.
- (10) See information under caption "Outstanding Single Family Housing Revenue Bonds" above.

For updated information on issuances and/or redemptions after April 1, 2013, please refer to the website www.mdhousing.org, Investor Information.

APPENDIX F

THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM

This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at www.ginniemae.gov. None of the Underwriters, the Administration, their respective counsel, or Bond Counsel makes any representation with respect to the accuracy or completeness of this summary.

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C.

Each GNMA Certificate is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on the Bonds. Each GNMA Certificate is to be backed by a pool of Mortgage Loans in a minimum aggregate amount of \$25,000 and multiples of \$1 in excess of \$25,000. The Servicer shall be required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and such Central Paying and Transfer Agent shall be required to pay to the Trustee, as the owner of the GNMA Certificate, the regular monthly installments of principal and interest on the Mortgage Loans backing the GNMA Certificate (less such Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Servicer receives such installments, plus any Mortgage Prepayments received by the Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Certificate.

In order to issue the GNMA Certificates, the Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Servicer to issue GNMA Certificates up to a stated amount during a one-year period following the date of the commitment. The Servicer is required to pay the application fee to the Government National Mortgage Association for such commitments. The amount of commitments to guarantee GNMA Certificates that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Certificate by the Servicer is subject to the following conditions, among others: (i) the purchase by the Servicer of Mortgage Loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Certificate (such origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Servicer's continued compliance, on the date of issuance of the GNMA Certificate, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Servicer's continued approval by the Government National Mortgage Association to issue GNMA Certificates, and (v) the Servicer's continued ability to issue, execute and deliver the GNMA Certificate, as such ability may be affected by such Servicer's bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Certificate by the Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Servicer will be able to satisfy all such requirements in effect at

the time a GNMA Certificate is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Certificate is to be issued by the Servicer for purchase by the Trustee.

GNMA Certificate

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”) to guarantee the timely payment of the principal of, and interest on, securities which are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen’s Readjustment Act of 1944, as amended. Said Section 306(g) further provides that “[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under said Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and “would constitute general obligations of the United States backed by its full faith and credit.”

Government National Mortgage Association Borrowing Authority

To meet its obligations under such guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the “Treasury”) in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificates. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development (“HUD”) that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Certificates, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Certificate, it shall, if necessary, in accordance with the aforesaid Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make such payment.

Servicing of the Mortgage Loans

Under contractual arrangements that will be entered into by and between the Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Servicer is responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer’s Guide.

The monthly remuneration of the Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of the GNMA Certificates outstanding. In compliance with the Government National Mortgage Association regulations and policies, the total of these servicing and guaranty fees may range from 0.25% to 0.625%, calculated on the principal balance of each GNMA Certificate outstanding on the last day of the month preceding such calculation. Each GNMA Certificate carries an interest rate that is fixed below the interest rate on the underlying Mortgage Loans because the afore-mentioned servicing and guaranty fees are deducted from payments on the Mortgage Loans before such payments are forwarded to the Trustee. It is expected that interest and principal payments on the Mortgage Loans received by the Servicer will be the

source of money for payments on the GNMA Certificates. If such payments are less than the amount then due, the Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Certificates. The Government National Mortgage Association guarantees such timely payment in the event of the failure of the Servicer to pass through an amount equal to such scheduled payments (whether or not made by the Mortgagors). The Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue such payments as scheduled on the third business day after the twentieth day of each month. However, if such payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

Guaranty Agreement

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Servicer upon issuance of a GNMA Certificate, pursuant to which the Government National Mortgage Association guarantees the payment of principal and interest on such GNMA Certificate (the “GNMA Guaranty Agreement”), provides that, in the event of a default by the Servicer, including (i) a failure to make any payment due under the GNMA Certificate, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Certificate and the utilization thereof by the Servicer, (iii) insolvency of the Servicer or (iv) default by the Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Servicer, to effect and complete the extinguishment of the Servicer’s interest in the Mortgage Loans, and the Mortgage Loans shall thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Certificate. In such event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs such a letter of extinguishment to the Servicer, the Government National Mortgage Association shall be the successor in all respects to the Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and shall be subject to all responsibilities, duties, and liabilities (except the Servicer’s indemnification of the Government National Mortgage Association), theretofore placed on the Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Certificates under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities theretofore placed on the Servicer, and provided that no such agreement shall detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Certificate, or otherwise adversely affect the rights of the owner thereof.

Payment of Principal of and Interest on the GNMA Certificates

Regular monthly installment payments on each GNMA Certificate are required to begin on the fifteenth day (in the case of a GNMA I Security) and in the case of payments required to be made to holders of certificated securities, on the nineteenth day, or the twentieth day if the nineteenth day is not a business day, and in the case of payments required to be made to securities in book-entry form, the twentieth calendar day of the month or the next business day if the twentieth calendar day is not a business day (in the case of a GNMA II-Custom Pool Security) of the first month following the date of issuance of such GNMA Certificate and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each Mortgage Loan in the mortgage pool backing the GNMA Certificate, less the monthly servicing and guaranty fees of one-twelfth of 0.50% of the outstanding principal balance. In addition, each payment is required to include any Mortgage Prepayments on Mortgage Loans underlying the GNMA Certificate.

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APPENDIX G

THE FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

General

The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Certificates, Fannie Mae's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae's Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein. None of the Underwriters, the Administration, their respective counsel, or Bond Counsel makes any representation with respect to the accuracy or completeness of this summary.

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency ("FHFA") to the extent provided in the Housing and Economic Recovery Act of 2008 ("HERA"). The FHFA placed Fannie Mae into conservatorship in 2008. The Administration cannot predict the long term consequences of the conservatorship of this entity and the corresponding impact on the participants and the Program.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission. Fannie Mae files reports, proxy statements and other information with the Securities and Exchange Commission. Materials that it files with the Securities and Exchange Commission are also available from the Securities and Exchange Commission's Web site, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. Investors may also request copies of any filing from Fannie Mae, at no cost, by telephone at (202) 752-7000 or by mail at 3900 Wisconsin Avenue, NW, Washington, DC 20016. The Administration takes no responsibility for information contained on the Web site.

Fannie Mae

Fannie Mae is a publicly held government-sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Mortgage-Backed Securities Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.**

The terms of the MBS Program are governed by the Fannie Mae Single Family Selling and Servicing Guides published by Fannie Mae, as modified by the Pool Contract (defined below), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the “Trust Indenture”), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated from time to time. A Fannie Mae Prospectus Supplement may not be available as to the Fannie Mae Certificates.

Copies of the Fannie Mae Prospectus are available without charge from Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: (800) 237-8627). Additional information and copies of the prospectus are available by accessing Fannie Mae’s Web site.

Pool Purchase Contract

Fannie Mae and the Servicer will enter into a Pool Purchase Contract (the “Pool Contract”), pursuant to which the Servicer is permitted to deliver, and Fannie Mae agrees to purchase, Mortgage Loans in exchange for Fannie Mae Certificates. The purpose of the Pool Contract is to provide for certain additions, deletions and changes to the Fannie Mae Single Family Selling and Servicing Guides relating to the purchase of Mortgage Loans. In the event of a conflict between the Pool Contract and the Fannie Mae Single Family Selling and Servicing Guides, the Pool Contract is to control. The description set forth below assumes that the Pool Contract will be executed substantially in the form presented by Fannie Mae to the Servicer at the time the Series Bonds are initially delivered.

The Pool Contract obligates the Servicer to service the Mortgage Loans in accordance with the requirements of the Fannie Mae Single Family Selling and Servicing Guides and the Pool Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate is to represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Certificate be in a minimum amount of \$250,000 (or, in each case, such lesser amounts as may be approved by Fannie Mae). The Mortgage Loans backing each Fannie Mae Certificate are to bear interest at a rate higher than each Fannie Mae Certificate (the “pass-through rate”). The difference between the interest rate on the Mortgage Loans and the pass-through rate on the Fannie Mae Certificate is to be collected by the Servicer and used to pay the Servicer’s servicing fee and Fannie Mae’s guaranty fee.

Fannie Mae is to guarantee to the registered holder of the Fannie Mae Certificates that it shall distribute amounts representing scheduled principal and interest at the applicable “pass-through rate” on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate are to be made to the Trustee on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae

Certificate, Fannie Mae is to distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances as permitted by the Trust Indenture), (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date). For purposes of distributions, a Mortgage Loan is to be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

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APPENDIX H

THE FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Certificates, Freddie Mac's mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements, the Freddie Mac Certificates and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site. Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). None of the Underwriters, the Administration, their respective counsel, or Bond Counsel makes any representation with respect to the accuracy or completeness of this summary.

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>. The Administration takes no responsibility for information contained in these documents or on these websites.

Freddie Mac

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

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

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008

(the “Reform Act”) and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury (“Treasury”) entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac Certificate representing an undivided interest in a pool consisting of the same mortgages (the “Guarantor Program”). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Certificates

Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks’ book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool.

Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgage loans in the related pool and one month’s interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac’s management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac’s Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Certificates plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Certificate the timely payment of interest at the applicable pass-through rate on the principal balance of the holder’s Freddie Mac Certificate. Freddie Mac also guarantees to each holder of a Freddie Mac Certificate (i) the timely payment of the holder’s proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder’s proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Certificate is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Certificates and could adversely affect payments on Outstanding Bonds.

Mortgage Purchase and Servicing Standards

All mortgage loans purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage loan and the creditworthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgage loans, the loan-to-value ratio and age of the mortgage loans, the type of property securing the mortgage loans and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgage loans it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgage loans in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage loan, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage loan and when to initiate such measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage loan that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

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APPENDIX I

MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

FHA MORTGAGE INSURANCE PROGRAM, VA HOME LOAN GUARANTY PROGRAM, AND USDA/RD MORTGAGE GUARANTEE PROGRAM

Introduction

The Administration has prepared the following description of the FHA mortgage insurance program, the VA Home Loan Guaranty Program, and the USDA/RD Mortgage Guaranty Program. This description is only a brief outline and does not purport to summarize or describe all of the provisions of these programs, and the Administration does not warrant or represent the accuracy or completeness of such description. For a more complete description of the terms of this program, reference is made to the provisions of the insurance and guaranty contracts embodied in the regulations of FHA, VA and USDA/RD, respectively, and of the regulations, master insurance contracts and other such applicable information for those programs. Credit Enhancement for Mortgage Loans made or purchased by the Administration with the proceeds of the Bonds is limited by the Bond Resolutions to insurance under the FHA insurance program, the VA Home Loan Guaranty Program, and the USDA/RD Guarantee Program. Moreover, Mortgage Loans with a loan-to-value ratio of 80% or less are not required to have a credit enhancement as described above. If a Loan without credit enhancement is supported by secondary financing, then such financing must be acceptable to the Administration. The secondary financing may include, for example, certain grants or loans from governmental or non-profit entities; any loans must be non-amortizing or amortize at an interest rate below the market rate. However, the Bond Resolution does not require that a Loan financed in the future be secured by Credit Enhancement. Credit Enhancement of all or a portion of a Loan, if any, will be provided in accordance with the provisions therefor set forth in the Series Resolution authorizing a particular Series of Bonds. Credit Enhancement of Loans includes (but is not limited to) any credit enhancement, insurance, guaranty, risk-sharing arrangement or any other form of credit support for a Loan (or any portion thereof) as provided in any Series Resolution or Supplemental Resolution and it is possible that insurance benefits under other federal, State or private programs in which the Administration may participate could have different terms.

FHA Mortgage Insurance Program

Section 221 and Section 203 of the National Housing Act, as amended (the "Housing Act"), authorize the FHA to insure mortgage loans of up to 40 years for the purchase of one to four family dwelling units, or 30 years if the mortgage is not approved for insurance prior to construction. Section 234 of the Housing Act authorizes the FHA to insure mortgage loans of up to 35 years for the purchase of one-family dwelling units in multi-family condominium projects. The regulations promulgated to implement the Housing Act provide for insurance of mortgage loans for up to 30 years.

Mortgage Loans shall bear interest at a rate agreed upon by the mortgagee and Borrower. Mortgage Loans under any of the foregoing programs must be in conformity with the maximum mortgage loan amount limitations and minimum downpayment requirements specified in the Housing Act and the regulations promulgated thereunder. In addition, the Borrower must establish to the satisfaction of FHA that his or her income is adequate to meet the periodic payments required on the mortgage loan.

FHA permits the fully insured Mortgage Loan amount to include not only the up-front mortgage insurance premium, but, under certain circumstances, certain closing costs and other costs as well. Furthermore, through the FHA Section 203(k) Program, FHA will insure certain loans for up to 110 percent of the expected after-rehabilitation value of the property, plus permitted closing costs.

On October 27, 2000, HUD announced that mortgages insured under Section 203(b) will be eligible for a reduction in up-front mortgage insurance premiums to 1.50% of the insured mortgage amount, effective for all loans closed on or after January 1, 2001. HUD also announced that annual mortgage insurance premiums for all loans closed on or after such date will be automatically canceled when the loan-to-value ratio reaches 78%, provided that the mortgagor has paid the annual mortgage insurance premiums for at least five years. (Different rules apply for loans with terms of 15 years or less.) Although the annual mortgage insurance premiums will be canceled as described, the contract of insurance will remain in force for the loan's full term. On January 6, 2005, HUD announced the elimination of refunds of upfront mortgage insurance premiums (except for a mortgage refinanced with another FHA mortgage) for mortgages endorsed for insurance on or after December 8, 2004. Under the terms of the foregoing program, the mortgagee, upon a default by the Borrower, is required to take certain actions, and is subject to certain limitations, before the mortgagee is entitled to initiate foreclosure proceedings or to claim insurance benefits. The mortgagee is subject to certain requirements and limitations, including the following: (1) the mortgagee must give notice of default to the Borrower and make reasonable efforts to conduct a face-to-face interview with the Borrower; (2) the mortgagee is required to undertake a pre-foreclosure review to ensure compliance with applicable requirements; and (3) the mortgagee may not commence foreclosure until at least three full monthly installments are in default. In addition, various types of forbearance may be required, including a reduction in mortgage payments, recasting the mortgage to reduce payments, temporary mortgage assistance payments, or pre-foreclosure sale. The mortgage also is subject to reinstatement until completion of foreclosure proceedings. The Housing Act gives discretionary authority to the Secretary of the United States Department of Housing and Urban Development ("HUD") to settle claims for insurance benefits for insured mortgages either in cash or debentures; claim payments currently are being made in cash. HUD debentures bear interest at the rate in effect as of the time of origination of the mortgage loan or when the mortgage loan is endorsed, whichever rate is higher.

Insurance benefits are paid on foreclosure and conveyance of title. The amount of benefits paid by FHA on conveyed properties, except in certain circumstances as described below, is equal to the unpaid principal amount of the mortgage loan plus certain tax, insurance and other payments made by the mortgagee, a percentage of any foreclosure expenses incurred by the mortgagee, which percentage shall be determined in accordance with such terms as HUD shall prescribe, and reasonable expenses incurred by the mortgagee for the preservation, protection and operation of the properties prior to conveyance, as well as interest from date of default at a rate equivalent to the debenture interest rate (which may be less than the interest rate of the insured mortgage loan), less certain amounts received or retained by the mortgagee in respect of the mortgaged property.

When any property to be conveyed to the FHA has been damaged by fire, earthquake, flood or tornado, it is generally required, as a condition to payment of an insurance claim, that such property be repaired by the mortgagee prior to such conveyance.

VA Home Loan Guaranty Program

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, the veteran's spouse) to obtain a loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans with terms of up to 30 years and 32 days. VA will guarantee up to 50 percent of a home loan up to \$45,000. For loans between \$45,000 and \$144,000, the minimum guaranty amount is \$22,500; and the maximum guaranty is up to 40 percent of the loan, up to \$36,000, subject to the amount of entitlement a veteran has available. For loans of more than \$144,000 the maximum guaranty is the lesser of 25 percent of the loan or the dollar amount that is equal to 25 percent of the Federal Home Loan Mortgage Corporation conforming loan limitation determined under Section 505(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. § 1454(a)(2)) for a single-family residence, as adjusted for the year involved. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the

amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage lender will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee, as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

USDA/RD Mortgage Guarantee Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of the USDA/RD Guaranteed Rural Housing Loan Program. Households with annual incomes at or below one hundred fifteen percent (115%) of median area income are eligible for these loans, subject to the geographic restrictions described below. Households with annual incomes at or below eighty percent (80%) of the area median income may be eligible for interest assistance, in addition to the loan guarantee. The interest assistance paid monthly by USDA/RD to the loan servicer reduces the borrower's effective interest rate. The amount of interest rate reduction is dependant upon the households' annual income, which is re-certified by the loan servicer annually. No funds currently are available for interest assistance.

The USDA/RD Guaranteed Rural Housing Loan Program is limited to only certain rural areas of the State. Any city, place, town or village with a population not exceeding 20,000, based on the most recent decennial census, will be considered rural.

The USDA/RD guarantee covers the lesser of (a) any loss equal to ninety percent (90%) of the original principal amount of the loan or (b) any loss in full up to thirty-five percent (35%) of the original principal amount of the loan plus any additional loss on the remaining sixty-five (65%) to be shared approximately eighty-five percent (85%) by USDA/RD and approximately fifteen percent (15%) by the mortgagee.

USDA/RD does not accept conveyance of the property, but rather pays the lender's claim upon foreclosure. The claim payment includes certain actual costs incurred by the lender prior to foreclosure, including interest expense, and an allowance for the costs associated with liquidating the property. The claim payment amount is based on the net sales proceeds if the property is sold within six (6) months, or if no sale occurs within six (6) months, the claim payment amount is determined according to a formula based upon an appraisal of the property performed by USDA/RD. The lender's actual disposition costs may be higher than the USDA/RD claim payment.

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APPENDIX J

FINANCIAL STATEMENTS OF THE PROGRAM

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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY HOUSING REVENUE BONDS**

JUNE 30, 2012 AND 2011

Community Development Administration
Single Family Housing Revenue Bonds

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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development

We have audited the accompanying financial statements of the Community Development Administration Single Family Housing Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Community Development Administration Single Family Housing Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Community Development Administration Single Family Housing Revenue Bonds of the Department of Housing and Community Development of the State of Maryland as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Reznick Group, P.C.

Baltimore, Maryland
September 28, 2012

Community Development Administration
Single Family Housing Revenue Bonds

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	\$ 24,341	\$ -
Cash and cash equivalents on deposit with US Bank	-	154,584
Mortgage-backed securities	5,489	-
Accrued interest receivables	<u>734</u>	<u>-</u>
Total restricted current assets	<u>30,564</u>	<u>154,584</u>
Restricted long-term assets		
Mortgage-backed securities, net of current portion	249,648	-
Deferred bond issuance costs	<u>1,526</u>	<u>90</u>
Total restricted long-term assets	<u>251,174</u>	<u>90</u>
Total restricted assets	<u><u>\$ 281,738</u></u>	<u><u>\$ 154,674</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	\$ 2,292	\$ 294
Bonds payable	<u>5,875</u>	<u>154,290</u>
Total current liabilities	<u>8,167</u>	<u>154,584</u>
Long-term liabilities		
Bonds payable, net of current portion	<u>251,599</u>	<u>-</u>
Total long-term liabilities	<u>251,599</u>	<u>-</u>
Total liabilities	259,766	154,584
NET ASSETS		
Restricted	<u>21,972</u>	<u>90</u>
Total liabilities and net assets	<u><u>\$ 281,738</u></u>	<u><u>\$ 154,674</u></u>

See notes to financial statements

Community Development Administration
Single Family Housing Revenue Bonds

STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
(in thousands)

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Interest on mortgage-backed securities	\$ 5,885	\$ -
Interest income on cash equivalents	34	216
Other operating revenue	<u>175</u>	<u>-</u>
	<u>6,094</u>	<u>216</u>
Operating expenses		
Interest expense on bonds	4,417	216
Professional fees and other operating expenses	36	-
Amortization of bond issuance costs	<u>28</u>	<u>-</u>
	<u>4,481</u>	<u>216</u>
Operating income	<u>1,613</u>	<u>-</u>
Nonoperating revenue		
Increase in fair value of mortgage-backed securities	<u>16,923</u>	<u>-</u>
Total nonoperating revenue	<u>16,923</u>	<u>-</u>
Transfers of funds, as permitted by the various bond indentures	<u>3,346</u>	<u>-</u>
Change in net assets	21,882	-
Net assets - restricted at beginning of period	<u>90</u>	<u>90</u>
Net assets - restricted at end of period	<u><u>\$ 21,972</u></u>	<u><u>\$ 90</u></u>

See notes to financial statements

Community Development Administration
Single Family Housing Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Principal and interest received on mortgage-backed securities	\$ 8,142	\$ -
Purchase of mortgage-backed securities	(88,074)	-
Transfer of mortgage-backed securities	(153,129)	-
Professional fees and other operating expenses	(36)	-
Other income received	175	-
	<u>(232,922)</u>	<u>-</u>
Net cash used in operating activities		
Cash flows from investing activities		
Interest received on cash equivalents	32	216
	<u>32</u>	<u>216</u>
Net cash provided by investing activities		
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	104,387	-
Payments on bond principal	(1,145)	-
Interest on bonds	(2,477)	-
Bond issuance costs	(1,464)	-
Transfers among Funds	3,346	-
	<u>102,647</u>	<u>-</u>
Net cash provided by noncapital financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(130,243)	216
Cash and cash equivalents at beginning of year	<u>154,584</u>	<u>154,368</u>
Cash and cash equivalents at end of year	<u>\$ 24,341</u>	<u>\$ 154,584</u>

(continued)

Community Development Administration
Single Family Housing Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income to net cash used in operating activities		
Operating income	\$ 1,613	\$ -
Adjustments to reconcile operating income to net cash used in operating activities		
Increase in assets		
Mortgage-backed securities	(238,214)	-
Accrued interest receivables	(734)	-
Increase in liabilities		
Accrued interest payable	1,998	216
Amortizations		
Bond original issue premiums	(58)	-
Deferred bond issuance costs	28	-
Interest received on cash equivalents	(32)	(216)
Interest on bonds	<u>2,477</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (232,922)</u>	<u>\$ -</u>

See notes to financial statements

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2012 and 2011

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Single Family Housing Revenue Bonds pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

CDA entered into a Securitization Agreement on December 18, 2009 with the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), using federal legislative authority under the Housing and Economic Recovery Act of 2008 to provide affordable mortgage financing for individual households and multifamily rental properties. Subject to the Securitization Agreement, the New Issue Bond Program (NIBP) was created under which CDA will issue mortgage revenue Program Bonds, FNMA and FHLMC will securitize and issue securities for these bonds, and the United States Department of the Treasury (Treasury) will purchase these securities. Under the Single Family NIBP and pursuant to the Single Family Housing Revenue Bond Resolution (Resolution), CDA issued 2009 Series A bonds in the amount of \$154,290 as escrow bonds which will bear interest at a short-term rate until conversion to Program Bonds secured by mortgage loans or mortgage-backed securities backed by mortgage loans. The short-term rate will convert to a permanent fixed rate at time of conversion. The escrow bonds can be converted in up to six tranches prior to December 31, 2011, unless extended by the Treasury. CDA was required, at the time of each of the six conversions, to issue market bonds along with the issuance of Program Bonds, but not to exceed 40 percent of the total allocation of which the escrow bonds represent the 60 percent share. As of June 30, 2012, all 2009 Series A escrow bonds have been converted to Program Bonds.

The accompanying financial statements only include CDA's Single Family Housing Revenue Bonds (the Fund). CDA's other Funds are not included. However, CDA has also separately issued combined financial statements for the Revenue Obligation Funds and Infrastructure Program Funds, and financial statements for the Multi-Family Mortgage Revenue Bonds. The Fund was established to originate or purchase single family mortgage loans.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). Consequently, CDA applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBS of the Committee on Accounting Procedure issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

In accordance with accounting guidance issued by GASB, net assets should be reported as restricted when constraints placed on net asset use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation. Accordingly, all net assets of the Fund are restricted as to their use as all net assets are pledged to bondholders.

The Annual Financial Report may include a Management's Discussion and Analysis. Since CDA is an enterprise fund included in the State of Maryland's Comprehensive Annual Financial Report, a separate Management's Discussion and Analysis is not required in these financial statements. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these financial statements.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents on Deposit

Cash equivalents for escrow bond proceeds were invested pursuant to the NIBP's Global Escrow Agreement. Cash equivalents for revenue bond proceeds may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2012 and 2011, all of the Fund's cash equivalents were invested in money market mutual funds which are more fully described in Note 3.

Mortgage-Backed Securities

These guaranteed securities are issued in connection with mortgage loans on single family homes. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

Accrued Interest Receivables

Accrued interest receivables include interest on mortgage-backed securities and investments.

Deferred Bond Issuance Costs

Costs incurred in issuing bonds are capitalized and amortized using the effective interest method for each respective bond issue.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of original issue premiums. See Notes 4, 5, and 6 for additional information.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2012, all mortgage loan yields were in compliance with the Code.

Interest on Mortgage-Backed Securities

Interest on mortgage-backed securities is calculated using the effective interest method.

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and are reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

The employees of CDA are covered by the Maryland State Retirement and Pension System and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note 8 for additional information.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the State of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains and losses during the reporting periods. Actual results could differ from these estimates.

NOTE 3 - CASH, CASH EQUIVALENTS AND MORTGAGE-BACKED SECURITIES

Revenue Bonds

Bond proceeds and revenues from mortgage-backed securities and investments are invested in authorized investments as defined in the Single Family Housing Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities, funding reserves, paying bond debt service, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, investment agreements, money market funds and certificates of deposit.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS AND MORTGAGE-BACKED SECURITIES
(Continued)

As of June 30, 2012, the Fund had \$24,341 invested in a money market mutual fund (Federated Prime Cash Obligations Fund), which is classified as cash and cash equivalents, and \$255,137 in Government National Mortgage Association (GNMA) mortgage-backed securities. The following represents the GASB evaluation of these assets for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations and ongoing operations.

As of June 30, 2012, the amortized cost, fair value and maturities for these assets were as follows:

Asset	Amortized cost	Fair value	Maturities (in years)				
			Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Prime Cash Obligations Fund	\$ 24,341	\$ 24,341	\$ 24,341	\$ -	\$ -	\$ -	\$ -
GNMA mortgage- backed securities	238,214	255,137	-	-	-	-	255,137
Total	<u>\$ 262,555</u>	<u>\$ 279,478</u>	<u>\$ 24,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,137</u>

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporation and the U.S. Government. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As of June 30, 2012, the cost of this money market mutual fund approximated fair value.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS AND MORTGAGE-BACKED SECURITIES
(Continued)

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2012, the rating on Single Family Housing Revenue Bonds was Aaa by Moody's Investors Service.

As of June 30, 2012, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Prime Cash Obligations Fund	\$ 24,341	8.71%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	255,137	91.29%		Direct U.S. Obligations	
Total	<u>\$ 279,478</u>	<u>100.00%</u>			

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS AND MORTGAGE-BACKED SECURITIES
(Continued)

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities are “fully modified pass-through” mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) lender, as the issuer of the Guaranteed Security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2012, the Fund’s investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA’s investments and collateralized securities are held in trust by the trustee or the trustee’s agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA’s name.

Escrow Bonds

Escrow bond proceeds were deposited into 2009 Series A Escrow Fund and invested pursuant to the Global Escrow Agreement entered into by CDA with FNMA, FHLMC, and U.S. Bank National Association (US Bank), as escrow agent, within NIBP. The escrow bond proceeds were invested, pursuant to the Global Escrow Agreement, equally between four money market mutual funds and, if drawn, the investments were reduced in equal amounts, accordingly. As of June 30, 2012, all funds in the 2009 Series A Escrow Fund were drawn down to issue Program Bonds.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS AND MORTGAGE-BACKED SECURITIES
(Continued)

As of June 30, 2011, the escrow bond proceeds, invested in money market mutual funds and held by US Bank, as the escrow agent, were invested equally in the following money market mutual funds:

Asset	Fair Value	Percentage Invested	Money Market Fund Rating		
			Moody's	Fitch	S&P
First American Funds Prime Obligations Class Z	\$ 38,646	25%	Aaa	AAA	AAAm
Fidelity Prime Obligations Class I	38,646	25%	Aaa	-	AAAm
Goldman Prime Obligations Institutional	38,646	25%	Aaa	AAA	AAAm
Blackrock Liquidity Funds TempFunds (Institutional)	<u>38,646</u>	25%	Aaa	-	AAAm
Total	<u><u>\$ 154,584</u></u>				

As of June 30, 2011, the cost of the money market mutual funds approximated fair value.

NOTE 4 - BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds do not constitute debt of and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 4 - BONDS PAYABLE (Continued)

Revenue Bonds

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayments. All outstanding bonds, except the 2009 Series bonds, are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed, except the 2011 Series C bonds maturing March 1, 2027, which will be redeemed at a premium that maintains the same yield as the original purchase price thereof to be redeemed. The 2009 Series A-1 through A-3 bonds are subject to optional redemption, in whole or in part, in denominations of \$10 or any integral multiple thereof on the first day of each month, at a price equal to 100% of the principal amount thereof to be redeemed. All bonds are tax-exempt and have fixed interest rates.

The following is a summary of the bond activity for the year ended June 30, 2012 and the debt outstanding and bonds payable as of June 30, 2012:

	Issue dated	Range of interest rates	Range of maturities	Debt outstanding at June 30, 2011	Bond Activity			Debt outstanding at June 30, 2012	Bond premium deferred	Bonds payable at June 30, 2012
					New bonds issued	Scheduled maturity payments	Escrow Bonds Reissued			
Single Family Housing										
Revenue Bonds										
2009 Series A	12/30/09	Variable Rate	9/1/2041	\$ 154,290	\$ -	\$ -	\$ (154,290)	\$ -	\$ -	\$ -
2009 Series A-1	12/30/09	2.77%	9/1/2041	-	-	-	60,460	60,460	-	60,460
2011 Series A	08/24/11	0.375% - 4.25%	2012 - 2027	-	40,310	(1,145)	-	39,165	605	39,770
2009 Series A-2	12/30/09	2.32%	9/1/2041	-	-	-	60,000	60,000	-	60,000
2011 Series B	10/27/11	0.40% - 4.00%	2012 - 2027	-	40,000	-	-	40,000	474	40,474
2009 Series A-3	12/30/09	2.49%	9/1/2041	-	-	-	33,830	33,830	-	33,830
2011 Series C	12/15/11	0.20% - 4.50%	2012 - 2027	-	22,555	-	-	22,555	385	22,940
Total				<u>\$ 154,290</u>	<u>\$ 102,865</u>	<u>\$ (1,145)</u>	<u>\$ -</u>	<u>\$ 256,010</u>	<u>\$ 1,464</u>	<u>\$ 257,474</u>

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 4 - BONDS PAYABLE (Continued)

Escrow Bonds

CDA issued 2009 Series A escrow bonds in the amount of \$154,290 dated December 30, 2009. The bonds were taxable and bore interest at variable short-term rates until the escrow bonds were converted to Program Bonds with permanent fixed rates to fund mortgage loans and mortgage-backed securities backed by mortgage loans. As of June 30, 2011, all 2009 Series A bond proceeds were still in escrow. As of December 31, 2011, there are no outstanding escrow bonds. If any escrow bond proceeds had remained in the 2009 Series A Escrow Fund on January 1, 2012, such remaining proceeds had to be used to redeem the outstanding escrow bonds; otherwise, issued Program Bonds have a maturity date of September 1, 2041.

As of June 30, 2011, the required escrow bond principal payment for bonds was \$154,290 for the period ending June 30, 2012. As of June 30, 2012, there were no outstanding escrow bonds.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 5 - DEBT SERVICE REQUIREMENTS

As of June 30, 2012, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2012 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 4) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

<u>Years ended June 30,</u>	<u>Interest</u>	<u>Principal</u>
2013	\$ 6,870	\$ 5,875
2014	6,836	5,910
2015	6,776	5,980
2016	6,690	6,065
2017	6,578	6,180
2018 - 2022	30,299	33,490
2023 - 2027	23,870	39,660
2028 - 2032	16,789	46,260
2033 - 2037	10,572	52,770
2038 - 2042	<u>3,472</u>	<u>53,820</u>
Total	<u>\$ 118,752</u>	<u>\$ 256,010</u>

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 6 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Bonds payable		
Beginning balance at 6/30/2011	\$ 154,290	\$ 154,290
Additions	102,865	-
Reductions	(1,145)	-
Change in deferred amounts for issuance premiums	<u>1,464</u>	<u>-</u>
Ending balance at 6/30/2012	257,474	154,290
Less due within one year	<u>(5,875)</u>	<u>(154,290)</u>
Total long-term bonds payable	<u><u>\$ 251,599</u></u>	<u><u>\$ -</u></u>

NOTE 7 - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in the Fund are restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. As of June 30, 2012, \$3,346 was transferred into the Fund from CDA's Residential Revenue Bonds to fund costs of issuance and other expenses. As of June 30, 2011, no transfers were made.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 8 - PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by CDA to the State of Maryland prior to year end. The System prepares a separate audited Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at www.sra.state.md.us.

NOTE 9 - SUBSEQUENT EVENTS

Events that occur after the date of the statement of net assets but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net assets are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net assets require disclosure in the accompanying notes. Management evaluated the activity of CDA through September 28, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements. As of the report date, there were no subsequent events reported by CDA.

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**COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY HOUSING REVENUE BONDS**

**Unaudited Interim Financial Statements
For the nine month period ended
March 31, 2013**

Community Development Administration
Single Family Housing Revenue Bonds

Balance Sheets
(in thousands)

As of March 31, 2013 and June 30, 2012

	3/31/2013 (Unaudited)	6/30/2012 (Audited)
Restricted assets		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	\$ 24,133	\$ 24,341
Mortgage-backed securities	13,000	5,489
Accrued interest receivables	710	734
Total restricted current assets	<u>37,843</u>	<u>30,564</u>
Restricted long-term assets		
Mortgage-backed securities, net of current portion	235,758	249,648
Deferred bond issuance costs	1,500	1,526
Total restricted long-term assets	<u>237,258</u>	<u>251,174</u>
Total restricted assets	<u><u>\$ 275,101</u></u>	<u><u>\$ 281,738</u></u>
Liabilities and net assets		
Current liabilities		
Accrued interest payable	\$ 571	\$ 2,292
Accounts payable	24	-
Bonds payable	5,910	5,875
Due to other Funds	149	-
Total current liabilities	<u>6,654</u>	<u>8,167</u>
Long-term liabilities		
Bonds payable, net of current portion	245,632	251,599
Total long-term liabilities	<u>245,632</u>	<u>251,599</u>
Total liabilities	<u>252,286</u>	<u>259,766</u>
Net assets		
Restricted	22,815	21,972
Total net assets	<u>22,815</u>	<u>21,972</u>
Total liabilities and net assets	<u><u>\$ 275,101</u></u>	<u><u>\$ 281,738</u></u>

See accompanying notes.

Community Development Administration
Single Family Housing Revenue Bonds

Statements of Revenue, Expenses and Changes in Net Assets
(in thousands)

For the nine months ended March 31, 2013 and March 31, 2012

	3/31/2013 (Unaudited)	3/31/2012 (Unaudited)
Operating revenue		
Interest income on investments	\$ 7	\$ 29
Interest income on mortgage-backed securities	6,483	3,729
Other operating revenue	-	3
	<u>6,490</u>	<u>3,761</u>
Operating expenses		
Interest expense on bonds	5,092	2,716
Professional fees and other operating expenses	75	30
Amortization of bond issuance costs	26	19
	<u>5,193</u>	<u>2,765</u>
Operating income	1,297	996
Non-operating (expenses) revenue		
(Decrease) increase in fair value of mortgage-backed securities	(454)	11,005
Transfers of funds, net, as permitted by the various bond indentures	<u>-</u>	<u>3,307</u>
Changes in net assets	843	15,308
Net assets - restricted at beginning of period	<u>21,972</u>	<u>90</u>
Net assets - restricted at end of period	<u>\$ 22,815</u>	<u>\$ 15,398</u>

See accompanying notes.

Community Development Administration
Single Family Housing Revenue Bonds

Statements of Cash Flows
(in thousands)

For the nine months ended March 31, 2013 and March 31, 2012

	3/31/2013 (Unaudited)	3/31/2012 (Unaudited)
Cash flows from operating activities		
Principal and interest received on mortgage-backed securities	\$ 13,707	\$ 4,839
Purchase of mortgage-backed securities	(1,276)	(78,697)
Transfer of mortgage-backed securities	-	(153,129)
Professional fees and other operating expenses	(51)	(30)
Other income received	-	3
Other reimbursements	149	-
Net cash from operating activities	<u>12,529</u>	<u>(227,014)</u>
Cash flows from investing activities		
Interest received on investments	8	29
Net cash from investing activities	<u>8</u>	<u>29</u>
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	-	104,387
Payments on bond principal	(5,875)	(1,145)
Interest on bonds	(6,870)	(2,476)
Bond issuance costs	-	(1,425)
Transfers among Funds	-	3,307
Net cash from noncapital financing activities	<u>(12,745)</u>	<u>102,648</u>
Net decrease in cash and cash equivalents on deposit	(208)	(124,337)
Cash and cash equivalents on deposit at beginning of period	24,341	154,584
Cash and cash equivalents on deposit at end of period	<u>\$ 24,133</u>	<u>\$ 30,247</u>

(continued)

Community Development Administration
Single Family Housing Revenue Bonds

Statements of Cash Flows - continued
(in thousands)

For the nine months ended March 31, 2013 and March 31, 2012

	3/31/2013 (Unaudited)	3/31/2012 (Unaudited)
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 1,297	\$ 996
Adjustments to reconcile operating income to net cash from operating activities		
Decrease (increase) in assets		
Mortgage-backed securities	5,925	(230,010)
Accrued interest receivables	24	(706)
(Decrease) increase in liabilities		
Accrued interest payable	(1,721)	279
Accounts payable	24	-
Due to other Funds	149	-
Amortizations		
Bond original issue premium	(57)	(39)
Deferred bond issuance costs	26	19
Interest received on investments	(8)	(29)
Interest on bonds	6,870	2,476
Net cash from operating activities	<u>\$ 12,529</u>	<u>\$ (227,014)</u>

See accompanying notes.

Community Development Administration
Single Family Housing Revenue Bonds
Notes to Unaudited Interim Financial Statements
(in thousands)
March 31, 2013

1. Basis of Presentation:

In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Single Family Housing Revenue Bonds present fairly the financial position at March 31, 2013 and the results of its operations for the nine months ended March 31, 2013 and March 31, 2012.

These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The March 31, 2013 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2012 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

2. Mortgage-backed Securities:

In accordance with GASB 31, CDA reflects mortgage-backed securities at fair value.

As of March 31, 2013, the fair value of the mortgage-backed securities was \$248,758 of which \$232,289 was the cost of these mortgage-backed securities and \$16,469 was the cumulative increase in fair value. The decrease in fair value of mortgage-backed securities for the nine months ended March 31, 2013 was \$454.

3. Mortgage Loans:

During the nine months ended March 31, 2013, CDA purchased mortgage-backed securities in the amount of \$1,276.

APPENDIX K
PROPOSED FORM OF OPINION OF BOND COUNSEL
FOR THE 2013 SERIES A BONDS

[Letterhead of Ballard Spahr LLP, Washington, D.C.]

[CLOSING DATE]

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

\$55,987,759
Community Development Administration
Maryland Department of Housing and Community Development
Single Family Housing Revenue Bonds
2013 Series A (Pass-Through Program) (Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the “Administration”), a unit of the Division of Development Finance of the Department of Housing and Community Development (the “Department”), a principal department of the State of Maryland (the “State”), in connection with its issuance and sale of \$55,987,759 aggregate principal amount of its Single Family Housing Revenue Bonds 2013 Series A (Pass-Through Program) (Non-AMT) (the “2013 Series A Bonds”). With the proceeds of the 2013 Series A Bonds the Administration will make a deposit into a Program Account of the Program Fund under the Bond Resolution (as defined herein). Funds in the Program Account will be made available to make or purchase mortgage loans to finance the acquisition of single-family residences located in the State through the purchase of (i) mortgage loan pass-through certificates guaranteed as to timely payment of principal and interest by the Government National Mortgage Association and (ii) mortgage loan pass-through certificates guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association.

The 2013 Series A Bonds are being issued under and pursuant to (1) Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the “Act”), (2) the Single Family Housing Revenue Bond Resolution (the “Bond Resolution”), adopted by the Administration as of December 1, 2009, and accepted by Manufacturers and Traders Trust Company, Baltimore, Maryland, as trustee (the “Trustee”), and (3) the Series Resolution Providing for the Issuance and Sale of \$55,987,759 Principal Amount of Single Family Housing Revenue Bonds 2013 Series A (Pass-Through Program) (Non-AMT), adopted as of August 1, 2013 (the “Series Resolution”), pursuant to which the 2013 Series A Bonds are authorized to be issued. The Bond Resolution and the Series Resolution are referred to collectively as the “Resolutions”. Capitalized terms used herein and not defined herein have the respective meanings given to them in the Resolutions.

The 2013 Series A Bonds mature, bear interest and are subject to redemption as provided therein and in the Resolutions. The 2013 Series A Bonds are issuable as fully registered bonds without coupons initially in authorized denominations of \$1.00, or any integral multiple thereof. Principal of, premium, if any, and interest on the 2013 Series A Bonds will be paid as provided in the Resolutions by the Trustee to the persons in whose

names the 2013 Series A Bonds are registered on the registration books of the Administration maintained by the Trustee.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met on a continuing basis subsequent to the delivery of the 2013 Series A Bonds for interest on the 2013 Series A Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the 2013 Series A Bonds to be subject to inclusion in gross income retroactively to the date of issuance of the 2013 Series A Bonds. We have examined the Resolutions and other relevant single-family housing program documents of the Administration which, in our opinion, establish procedures under which, if followed, such requirements would be met. The Administration has covenanted in the Resolutions to comply with all of the applicable requirements of the Code.

In connection with the issuance of the 2013 Series A Bonds, we have examined and considered the Act, the Resolutions, the Code, a specimen of the 2013 Series A Bonds and such other opinions, documents, certificates, letters and matters of law as we have deemed necessary to render the opinions set forth below.

Based upon the foregoing we are of the opinion that:

1. The Administration was duly created and validly exists under the provisions of the Act as a unit of the Division of Development Finance of the Department with full power to issue the 2013 Series A Bonds.

2. The Resolutions have been duly adopted and executed by the Administration, are valid and binding upon the Administration, are in full force and effect and are enforceable in accordance with their terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights and the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, the application of equitable principles where equitable remedies are sought and limitation on enforcement of judgments against public bodies. The 2013 Series A Bonds are entitled to the benefit and security of the Resolutions for the payment thereof in accordance with the terms of the Resolutions.

3. The 2013 Series A Bonds have been duly authorized, executed and issued in accordance with the Constitution and the laws of the State, including the Act, now in force and represent valid and binding special obligations of the Administration, enforceable in accordance with their terms and the terms of the Resolutions, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights and the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, the application of equitable principles where equitable remedies are sought and limitation on enforcement of judgments against public bodies. The 2013 Series A Bonds are payable from the revenues and assets of the Administration pledged therefor pursuant to the Resolutions.

4. The form of the specimen 2013 Series A Bonds is consistent with the form of the 2013 Series A Bonds provided in the authorizing Series Resolution.

5. The 2013 Series A Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes.

6. Assuming continuing compliance by the Administration with its covenants in the Resolutions to comply with the Code, interest on the 2013 Series A Bonds is excludable from the gross income of the

holders thereof for federal income tax purposes and is exempt from individual and corporate federal alternative minimum tax and is not included in adjusted current earnings for purposes of corporate alternative minimum tax.

Ownership of tax-exempt obligations, including the 2013 Series A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits, certain S corporations and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the 2013 Series A Bonds should consult their own tax advisor as to such consequences.

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

We call to your attention that the 2013 Series A Bonds are special obligations of the Administration and will be payable solely from the revenues and assets of the Administration pledged for the payment thereof under the Resolutions and the rights thereunder to any income, revenues, issues, profits and insurance proceeds and other sums of money payable thereunder. The Administration has no taxing power. The 2013 Series A 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.

We express no opinion herein with respect to the accuracy or completeness of the Official Statement prepared in respect of the 2013 Series A Bonds or as to any other matter not set forth herein.

Very truly yours,

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APPENDIX L

SCHEDULE OF RELATED MBS CERTIFICATES AS OF AUGUST 13, 2013*

<u>Pool Number</u>	<u>CUSIP</u>	<u>Type</u>	<u>Pass-Through Rate (%)</u>	<u>Weighted Average Remaining Term</u>	<u>Weighted Average Mortgage Rate (%)</u>	<u>2013 Series A Participations Principal Amount**</u>
AR4955	3138W2QH1	FN	2.150	351	2.875	\$71,925.65
AR8003	3138W53M8	FN	2.150	353	2.875	331,327.72
AT1036	3138WNEJ4	FN	2.150	353	2.875	154,160.57
AT3857	3138WRJB7	FN	2.150	353	2.875	108,697.16
AR8004	3138W53N6	FN	2.775	352	3.500	237,849.15
AT1037	3138WNEK1	FN	2.775	353	3.500	1,441,514.48
AT3858	3138WRJC5	FN	3.000	354	3.646	588,696.59
AU4827	3138X4LH1	FN	3.025	359	3.750	1,240,144.31
AU4828	3138X4LJ7	FN	3.275	358	4.000	323,540.55
						<u>\$4,497,856.17</u>
AC8000	36179H3H2	G2	2.500	352	2.825	\$403,513.40
AC8258	36179JE78	G2	2.500	352	2.896	1,746,917.38
AC8259	36179JE86	G2	2.500	351	2.965	2,197,343.31
AC8486	36179JNB9	G2	2.500	353	3.120	1,284,856.86
AC8489	36179JNE3	G2	2.500	353	3.173	5,083,481.40
AD7403	36180KGL9	G2	2.500	354	2.952	2,218,817.33
AD7691	36180KRL7	G2	2.500	355	2.938	862,509.03
AF0007	36181FAG6	G2	2.500	356	2.930	861,562.34
AF0196	36181FGD7	G2	2.500	358	2.909	798,386.12
AF0272	36181FJR3	G2	2.500	359	2.834	431,409.29
AF0297	36181FKJ9	G2	2.500	359	2.950	364,651.53 ***
AD7402	36180K GK1	G2	3.000	355	3.444	1,341,435.76
AD7688	36180KRH6	G2	3.000	355	3.522	1,125,382.78
AD7689	36180KRJ2	G2	3.000	355	3.545	873,904.88
AF0008	36181FAH4	G2	3.000	357	3.443	1,106,205.48
AF0197	36181FGE5	G2	3.000	358	3.350	472,465.22
AF0198	36181FGF2	G2	3.000	358	3.361	4,273,849.68
AF0199	36181FGG0	G2	3.000	358	3.304	558,226.30
AF0201	36181FGJ4	G2	3.000	357	3.396	1,165,475.11
AF0273	36181FJS1	G2	3.000	358	3.397	1,192,860.78
AF0274	36181FJT9	G2	3.000	359	3.395	4,311,552.82
AF0298	36181FKK6	G2	3.000	358	3.416	780,563.46 ***
AF0299	36181FKL4	G2	3.000	359	3.408	256,820.85 ***
AD7690	36180KRK9	G2	3.500	356	3.750	161,748.32
AF0009	36181FAJ0	G2	3.500	356	3.750	202,280.62
AF0202	36181FGK1	G2	3.500	358	3.750	215,339.43
AF0300	36181FKM2	G2	3.500	359	3.809	304,043.59 ***
AF0301	36181FKN0	G2	3.500	359	3.851	1,364,251.51 ***
AC7765	36179HTW1	GN	2.250	351	2.750	198,926.10
AC7770	36179HT35	GN	2.250	350	2.750	306,229.53
AC7996	36179H3D1	GN	2.250	347	2.750	41,039.94
AC8256	36179JE52	GN	2.250	353	2.750	741,512.93
AF0271	36181FJQ5	GN	2.250	358	2.750	218,241.39
AB2043	36178MHU8	GN	2.375	349	2.875	551,562.70
AB2044	36178MHV6	GN	2.375	350	2.875	1,763,267.99
AC7766	36179HTX9	GN	2.375	350	2.875	1,343,257.94
AC7767	36179HTY7	GN	2.375	350	2.875	1,259,880.86
AC7997	36179H3E9	GN	2.375	351	2.875	1,022,080.37
AC7998	36179H3F6	GN	2.375	351	2.875	889,992.94
AC8255	36179JE45	GN	2.500	352	3.000	1,670,284.68
AC8488	36179JND5	GN	2.500	354	3.000	2,339,040.49
AC8487	36179JNC7	GN	3.000	355	3.500	96,281.36
AD7687	36180KRG8	GN	3.000	356	3.500	752,024.01 ***
AF0200	36181FGH8	GN	3.000	357	3.500	762,102.60
AB2040	36178MHR5	GN	3.375	347	3.875	113,289.67
AF0296	36181FKH3	GN	3.500	359	4.000	1,461,033.26 ***
						<u>\$51,489,903.35</u>
Total/Weighted Average			<u>2.742</u>	<u>355</u>	<u>3.228</u>	<u>\$55,987,759.52</u>

* August 13, 2013 Factors

** The 2013 Series A Participations Principal Amount is equal to 61.40% of the outstanding principal amount of the Related MBS Certificates; one hundred percent (100%) of the interest received on each Related MBS Certificate will be allocated to the 2013 Series A Participations. See "THE 2013 SERIES A BONDS" herein for a discussion of the payment provisions with respect to the 2013 Series A Bonds.

*** Such 2013 Series A Participation in the Related MBS Certificate was added during the pricing of the 2013 Series A Bonds and did not appear in the Appendix L to the Preliminary Official Statement.

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APPENDIX M

THE DEPOSITORY TRUST COMPANY AND BOOK-ENTRY

DTC and Book-Entry

The Depository Trust Company (“DTC”), New York, New York, is to act as securities depository for the 2013 Series A Bonds. The 2013 Series A Bonds are to be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series Bond certificate will be issued for each maturity of the 2013 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the Registered Owner of the 2013 Series A Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the 2013 Series A Bonds shall mean Cede & Co. (or such other name as may be requested by an authorized representative of DTC) and shall not mean the Beneficial Owners of the 2013 Series A Bonds.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Purchases of 2013 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2013 Series A Bonds, except in the event that use of the book entry system for 2013 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2013 Series A 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 2013 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 Series A Bonds; DTC’s records reflect

only the identity of the Direct Participants to whose accounts such 2013 Series A 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.

Conveyances of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2013 Series A Bonds documents. For example, Beneficial Owners of 2013 Series A Bonds may wish to ascertain that the nominee holding the 2013 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee, as registrar for the 2013 Series A Bonds, and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2013 Series A Bonds of a Series and maturity are being redeemed, unless the “Pro Rata Pass Through Distribution of Principal” method is employed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such 2013 Series A Bonds of such Series and maturity to be redeemed. As described in the Official Statement under the caption, “THE 2013 SERIES A BONDS—Principal Payment and Redemption Provisions”, it is the Administration’s intention that the redemption allocations for the 2013 Series A Bonds be made by DTC on a pro rata basis in accordance with DTC’s “Pro Rata Pass Through Distribution of Principal” rules and procedures. If DTC’s operational arrangements do not allow for redemption of the 2013 Series A Bonds on a pro rata pass through distribution of principal basis, then the 2013 Series A Bonds selected for redemption will be made in accordance with DTC’s procedures then in effect.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2013 Series A Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Administration as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2013 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal, redemption price and interest payments on and purchase price, if applicable, with respect to the 2013 Series A Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Administration or Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and shall be the responsibility of such Participant and not of DTC, the Trustee or the Administration, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, interest payments and purchase price, if applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Administration or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The above information contained in this section “Book Entry Only System” is based solely on information provided by DTC. No representation is made by the Administration or the Underwriters as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Neither the Administration nor the Trustee will have any responsibility or obligation to the Direct Participants or the Beneficial Owners with respect to (A) the accuracy of any records maintained by DTC or any Participant; (B) the payment by any Participant of any amount due to any Beneficial

Owner in respect of the principal of and premium, if any, and interest on the 2013 Series A Bonds; (C) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolutions to be given to Bondowners; or (D) any other action taken by DTC, or its nominee, Cede & Co., as Bondowner, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

The Administration and the Trustee cannot give any assurances that DTC will distribute payments of principal of, redemption premium, if any, and interest on the 2013 Series A Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Direct Participants or that they will do so on a timely basis, that Direct Participants or Indirect Participants will distribute to Beneficial Owners any payments or notices received by them or do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the 2013 Series A Bonds, as nominee of DTC, references in this Official Statement to the owners of the 2013 Series A Bonds except under “TAX EXEMPTION AND RELATED CONSIDERATIONS” shall mean Cede & Co. and shall not mean the Beneficial Owners and Cede & Co. will be treated as the only Bondowner of 2013 Series A Bonds for all purposes under the Bond Resolutions. The Administration may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to 2013 Series A Bonds without the consent of Beneficial Owners or Bondowners.

DTC may discontinue providing its services as a depository with respect to the 2013 Series A Bonds at any time by giving reasonable notice to the Administration or Trustee. Under such circumstances, in the event that a successor depository is not obtained bond certificates will be printed and delivered. The Administration may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

Information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Administration believes to be reliable, but the Administration takes no responsibility for the accuracy thereof.

Definitive Bonds

DTC (or a successor securities depository) may discontinue providing its service with respect to the 2013 Series A Bonds at any time by giving notice to the Administration and discharging its responsibilities with respect thereto under applicable law. In addition, the Administration, in its sole discretion and without the consent of any other person, may elect not to use or may terminate the services of DTC (or a successor securities depository). Under such circumstances, 2013 Series A Bonds in definitive form will be delivered as provided in the Bond Resolutions and registered in accordance with the instructions of the purchasers, and the following requirements of the Bond Resolutions will apply. Interest on the 2013 Series A Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof or, upon the request of a registered owner of 2013 Series A Bonds having a principal amount of \$1,000,000 or more, by wire transfer from the Trustee to the registered owner thereof. The principal of and redemption premium, if any, are payable at the corporate trust office of the Trustee upon presentation of the 2013 Series A Bonds on or after the date of maturity or redemption. Each exchange or transfer of the 2013 Series A Bonds may require the payment by the owner of any tax, fee or other charge imposed by law and a reasonable transfer fee of the Trustee.

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