NEW ISSUE – Series 2010 B Bonds
ESCROW RELEASE – Series 2009 A-2 Bonds
Book Entry Only

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series Bonds is excluded from gross income for federal income tax purposes, except during the period when the Series Bonds are held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. In addition, in the opinion of Bond Counsel, under existing statutes, the Series Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes. See "TAX MATTERS" herein.

DHCD
Maryland Department of Housing and Community Development

$23,340,000
COMMUNITY DEVELOPMENT ADMINISTRATION MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Multi-Family Mortgage Revenue Bonds

$16,730,000	$6,610,000
Series 2010 B (Non-AMT)†	**Series 2009 A-2 (Non-AMT)†**
(New Issue)	**(Not Offered Hereby)**

Dated: Series 2010 B Bonds – Date of Delivery
Series 2009 A-2 Bonds – December 30, 2009
(interest accrual commencing September 29, 2010)

Due: as shown on inside cover page

The Series 2010 B Bonds (the "Series 2010 B Bonds") and the Series 2009 A-2 Bonds (the "Series 2009 A-2 Bonds," and together with the Series 2010 B Bonds, the "Series Bonds") will be fully registered bonds and initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the Series Bonds. Purchases of the Series 2010 B Bonds will be in book entry form only, in principal amounts of $5,000, or any integral multiple thereof. Interest on the Series Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2011, and at maturity, by Manufacturers and Traders Trust Company, a New York banking corporation with trust powers and having a corporate trust office in Baltimore, Maryland, Trustee and Registrar, to DTC. Interest on the Series 2009 A-2 Bonds also will be paid on the Conversion Date. DTC will remit such payments to participating financial organizations for subsequent disbursement to beneficial owners of the Series Bonds. Additional information is contained under the caption "THE SERIES BONDS" herein.

The Community Development Administration, Maryland Department of Housing and Community Development (the "Administration") previously issued $92,040,000 aggregate principal amount of its Multi-Family Mortgage Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds") and expects to release a portion of the proceeds of the Series 2009 A Bonds in the aggregate principal amount of $6,610,000 (the "Released Amount") and to convert and re-designate such portion of the Series 2009 A Bonds as the Series 2009 A-2 Bonds. See "NEW ISSUE BOND PROGRAM" herein.

The Series Bonds are subject to redemption prior to maturity at the times, under the conditions and at the prices set forth under the caption "THE SERIES BONDS - Redemption Provisions" herein.

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

The Series 2010 B Bonds are offered for delivery when, as and if issued by the Issuer and accepted by the Underwriters, and the delivery of the Series 2010 B Bonds is subject to the opinion of Kutak Rock LLP, Washington, D.C., Bond Counsel, as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2010 B Bonds. A portion of the Series 2009 A Bonds will be converted and re-designated as the Series 2009 A-2 Bonds upon the issuance and delivery of the Series 2010 B Bonds and certain other conditions, and the delivery of the Series 2009 A-2 Bonds is subject to the opinion of Bond Counsel as to the validity of, and the excludability from gross income for federal income tax purposes of interest on, the Series 2009 A-2 Bonds. Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland as Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Miles & Stockbridge P.C. It is expected that the Series Bonds will be available for delivery to DTC on or about September 29, 2010.

RBC Capital Markets

BofA Merrill Lynch **J.P. Morgan**

Dated: September 16, 2010

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† Interest on the Series Bonds is not included in corporations' calculations of adjusted current earnings under the alternative minimum tax provisions of the Code. See "TAX MATTERS" herein and the forms of Opinions of Bond Counsel attached hereto.

MATURITY SCHEDULE*

Series 2010 B Serial Bonds

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
July 1, 2012	$ 50,000	0.700%	January 1, 2018	$155,000	2.625%
January 1, 2013	140,000	0.900	July 1, 2018	155,000	2.625
July 1, 2013	145,000	1.000	January 1, 2019	160,000	2.875
January 1, 2014	145,000	1.200	July 1, 2019	160,000	2.875
July 1, 2014	145,000	1.300	January 1, 2020	165,000	3.000
January 1, 2015	145,000	1.650	July 1, 2020	165,000	3.000
July 1, 2015	145,000	1.700	January 1, 2021	170,000	3.150
January 1, 2016	150,000	2.000	July 1, 2021	170,000	3.150
July 1, 2016	150,000	2.100	January 1, 2022	175,000	3.300
January 1, 2017	150,000	2.400	July 1, 2022	175,000	3.300
July 1, 2017	155,000	2.400			

Series 2010 B Term Bonds

Maturity	Amount	Interest Rate
July 1, 2025	$1,135,000	3.65%
July 1, 2030	2,205,000	4.05
July 1, 2040	6,110,000	4.45
July 1, 2045	4,110,000	4.60

Series 2009 A-2 Term Bonds[1]

Maturity	Amount	Interest Rate
July 1, 2051	$6,610,000	3.21%

Price of all Series Bonds: 100%

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[1] The Series 2009 A-2 Bonds are not offered hereby. A portion of the Administration's Multi-Family Mortgage Revenue Bonds, Series 2009 A in the aggregate principal amount of $6,610,000 will be converted to and redesignated as the Series 2009 A-2 Bonds on the date of delivery of the Series 2010 B Bonds (such date being the "Release Date"). The Series 2009 A-2 Bonds will bear interest from and including the Release Date to but excluding November 29, 2010 at a rate equal to the lesser of (a) the interest rate for Four Week Treasury Bills as of the second Business Day prior to the Release Date plus 60 basis points or (b) 3.21%. Thereafter, the Series 2009 A-2 Bonds shall bear interest at the permanent rate of 3.21% to maturity.

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OFFICIAL STATEMENT

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

Relating to

$16,730,000
Multi-Family Mortgage Revenue Bonds
Series 2010 B (Non-AMT)

$6,610,000
Multi-Family Mortgage Revenue Bonds
Series 2009 A-2 (Non-AMT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth information in connection with the sale by the Community Development Administration (the "Administration"), 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 Multi-Family Mortgage Revenue Bonds, Series 2010 B (the "Series 2010 B Bonds"). Additionally, this Official Statement is furnished to provide certain information relating to the conversion and re-designation of a portion of the Administration's Multi-Family Mortgage Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds") as the Multi-Family Mortgage Revenue Bonds, Series 2009 A-2 (the "Series 2009 A-2 Bonds," and together with the Series 2010 B Bonds, the "Series Bonds").

Authorization

The Administration is authorized to issue the Series 2010 B Bonds and to (i) release a portion of the proceeds of the Series 2009 A Bonds currently held in escrow by the Trustee in a principal amount corresponding to the principal amount of the Series 2009 A-2 Bonds, (ii) re-designate a portion of the Series 2009 A Bonds as the Series 2009 A-2 Bonds and (iii) convert the interest rate on the Series 2009 A-2 Bonds from the Short-Term Rate (as defined in APPENDIX A hereto) to the Permanent Rate (as defined in APPENDIX A hereto) on November 29, 2010 (the "Conversion Date"), in each case pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the "Act") and a Resolution Providing for the Issuance of Multi-Family Mortgage Revenue Bonds adopted by the Administration as of December 1, 2009 (the "Bond Resolution"). Additionally, the Series 2010 B Bonds are issued pursuant to the Bond Resolution, as supplemented by a Series Resolution Providing for the Issuance and Sale of Multi-Family Mortgage Revenue Bonds, Series 2010 B, to be adopted by the Administration as of September 1, 2010 (the "2010 B Series Resolution"). A portion of the proceeds of the Series 2009 A Bonds in the amount of $6,610,000 (the "Released Amount") is being released on September 29, 2010* (the "Release Date") and a portion of the Series 2009 A Bonds allocable to the Released Amount is being re-designated as the Series 2009 A-2 Bonds pursuant to the Bond Resolution, a Series Resolution Providing for the Issuance and Sale of Multi-Family Mortgage Revenue Bonds, adopted as of December 1, 2009, as amended (the "2009 A Series Resolution"), and a Supplemental Series Resolution Providing for the Delivery of Multi-Family Mortgage Revenue Bonds, Series 2009 A-2 to be adopted by the Administration as of September 1, 2010 (the "2009 A-2 Series Resolution"). The 2010 B Series Resolution, the 2009 A-2 Series Resolution and the Bond Resolution are collectively referred to herein as the "Resolutions." 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 "Trustee"). The Trustee has not participated in the preparation of this Official Statement.

Third Bond Issue Under Bond Resolution

The Series Bonds are the third issue of Multi-Family Mortgage Revenue Bonds authorized by the Administration pursuant to the Bond Resolution. As of September 1, 2010, the Bond Resolution had outstanding Bonds having a principal amount of $100,450,000. See APPENDIX H "OUTSTANDING MULTI-FAMILY MORTGAGE REVENUE BONDS." Of such principal amount of outstanding Bonds under the Bond Resolution, proceeds in the amount of $67,660,000 are on deposit in the Series 2009 A Escrow Account of the Series 2009 A Account of the Bond Proceeds Fund. See "NEW ISSUE BOND PROGRAM" herein. The balance of the proceeds of outstanding Bonds under Bond Resolution in the amount of $32,790,000 are on deposit in certain subaccounts of the Bond Proceeds Fund for the purpose of making certain Loans. The Series Bonds, together with any additional bonds issued under the Bond Resolution and secured on a parity basis, are referred to collectively as the "Bonds." The Bond Resolution provides for the issuance of additional Bonds that will be on a parity with the Series Bonds and will be equally and ratably secured under the Bond Resolution, provided that the proceeds from such additional bonds be used to finance Permitted Mortgage Loans. Any Series of Bonds may be issued in Subseries as may be specified in the Series Resolution authorizing the issuance of such Series of Bonds.

Non-parity Bond Issues Under the Bond Resolution

The Administration expects, simultaneously with the issuance of the Series 2010 B Bonds and the delivery and conversion of the Series 2009A-2 Bonds, to issue its Multi-Family Mortgage Revenue Bonds, Series 2010 C (the "Series 2010 C Bonds") and to deliver its Multi-Family Mortgage Revenue Bonds, Series 2009 A-3 (the "Series 2009 A-3 Bonds") to finance the Loan described in Table D-3 of APPENDIX D hereto, a Non-parity Loan (as defined below). The Series 2010 C Bonds and the Series 2009 A-3 Bonds will be Non-parity Bonds (as defined in "SECURITY FOR THE BONDS – Non-parity Bond Issues under the Bond Resolution" herein) and the proceeds thereof will be used to finance Permitted Mortgage Loans (the "Non-parity Loans"). Proceeds of the Series 2010 C Bonds and the Series 2009 A-3 Bonds, as well as any funds, accounts, investments and other property held by the Trustee as collateral for the Series 2010 C Bonds and the Series 2009 A-3 Bonds are not pledged as security for the Series Bonds and cannot be applied by the Trustee for the payment of any amounts related to the Series Bonds. See "SECURITY FOR THE BONDS – Non-parity Bond Issues under the Bond Resolution" herein. Except where context may require a contrary interpretation, all references to the Bonds in this Official Statement shall refer to bonds issued on a parity with the Series Bonds and which are equally and ratably secured under the Bond Resolution and all references herein to any "Bond" or "Bonds" shall be interpreted to exclude Non-parity Bonds.

Use of Proceeds of Series Bonds

The Bond Resolution authorizes the Administration to issue Bonds to provide funds to finance or refinance loans, to refund Bonds or any other bonds, notes or other obligations, whether or not the Administration is the issuer thereof, to pay any Development cost (including, without limitation, capitalized interest and Bond issuance costs), to fund reserves, or to achieve any other of the Administration's purposes. Loans financed under the Bond Resolution, including, without limitation, the loan(s) described under the heading "THE SERIES BONDS" below and in Table D-1 and Table D-2 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS" to this Official Statement, to the extent such loans constitute Permitted Mortgage Loans, are referred to at various times as either the "Loans" or the "Loan" as appropriate. The Loans finance multi-family residential rental facilities (collectively, the "Developments") within the State which promote sound community development and provide housing for occupancy, in substantial part, by persons or families of limited incomes. The Loans must also meet the requirements set forth in the Resolutions as more fully described under "SECURITY FOR THE BONDS – Loans."

The Series Bonds. The Resolutions authorize the issuance of the Series 2010 B Bonds and the re-designation and conversion of the Series 2009 A-2 Bonds to provide the funds being used to make the Series 2010B/2009 A-2 Loans (as hereinafter defined).

The Administration will make Loans from the proceeds of the Series Bonds (the "Series 2010B/2009 A-2 Loans") to the developers listed in Table D-1 of APPENDIX D hereto (collectively, the "Borrowers") in the aggregate principal amount of $22,745,000 to finance in part the respective Developments described in Table D-1 of APPENDIX D hereto (collectively, the "Series 2010B/2009 A-2 Developments"). The Series 2010B/2009 A-2 Loans are expected to have Credit Enhancement under the FHA Risk-Sharing Program. See "SECURITY FOR THE BONDS – Credit Enhancement of the Series 2010B/2009 A-2 Loans" below and APPENDIX E – "MORTGAGE INSURANCE PROGRAMS – FHA INSURANCE-FHA RISK-SHARING PROGRAM."

Additional information about the Series 2010B/2009 A-2 Loans and the Series 2010B/2009 A-2 Developments is set forth in Table D-1 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS."

Security and Sources of Payment

Security for the Bonds. The Bonds are equally and ratably secured by a pledge of and lien on: (1) proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of bonds and proceeds of the Series 2009 A Bonds on deposit in escrow prior to the Release Date which are pledged solely as security for the Series 2009 A Bonds), (2) the Loans made or purchased from Bond proceeds, (3) revenues from Loans (primarily payments of principal and interest on Loans) other than any Non-parity Loan, (4) Prepayments, Recovery Payments and Acquired Development Receipts, and (5) all moneys, investments and other assets held in Funds and Accounts established by or pursuant to the Bond Resolution and the earnings thereon. The Administration may direct the release of amounts from such Funds and Accounts free and clear of such pledge and security interest after satisfying the then current requirements for all Funds and Accounts and certain other conditions as provided in the Resolutions. See "SECURITY FOR THE BONDS."

Parity Bonds. All Bonds are equally and ratably secured in the manner set forth in the preceding paragraph, and accordingly (i) the Loans, other than any Non-parity Loan, will secure the Series 2009 A Bonds, the Series Bonds and any future Series of Bonds and (ii) the Series Bonds will be secured by the Loans made or purchased with the proceeds of the Series Bonds and any future Series of Bonds. Correspondingly, the Series Bonds may be redeemed from Recovery Payments from Loans financed from any Series of Bonds as provided in the Resolutions. See "THE SERIES BONDS - Redemption Provisions" below.

Debt Service Reserve Fund. Pursuant to the Bond Resolution, upon the issuance of any Series of Bonds, there must be deposited in the Debt Service Reserve Fund monies or Cash Equivalents in an amount sufficient to satisfy the Debt Service Reserve Requirement. On and after the Delivery Date, $654,561.19, the amount of the Debt Service Reserve Requirement established in connection with the Series Bonds, will be deposited to the Debt Service Reserve Fund. A portion of the Debt Service Reserve Requirement in the amount of $59,561.19 will be funded from moneys of the Administration and the balance of the Debt Service Reserve Requirement in the amount of $595,000.00 will be funded from proceeds of the Series 2009 A-2 Bonds. The Debt Service Reserve Requirement for other Series of Bonds, if any, shall be set forth in the Series Resolution authorizing such Series.

Administration Contribution. On the Delivery Date, moneys of the Administration in the amount of $27,000.00 will be deposited with the Trustee to be deposited to the Revenue Fund for payment of principal and interest on the Series Bonds.

Series 2009 A-2/Series 2010 B Negative Arbitrage Account. Certain of the Borrowers will deliver irrevocable, standby letters of credit to the Trustee on the Release Date for the credit to the Series 2009 A-2/Series 2010 B Negative Arbitrage Account to the extent amounts on deposit in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization on the certain of the Series 2010B/2009 A-2 Loans. See "SECURITY FOR THE BONDS – Series 2009 A-2/Series 2010 B Negative Arbitrage Account" and Table D-1 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS."

Limited Obligation of Administration

The Bonds are special obligations of the Administration payable solely from the Revenues and property of the Administration pledged therefor under the Bond Resolution.

The Administration has no taxing power. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department. In addition, payment of principal, interest and redemption premium, if any, on the Bonds is not guaranteed by the State, the Administration, GNMA, FHA, Fannie Mae or any other party.

Additional Information

Certain capitalized terms used herein are defined in APPENDIX A – "DEFINITIONS FROM THE RESOLUTIONS." Capitalized terms not otherwise defined herein are used as defined in the Resolutions.

Brief descriptions of the Series Bonds and the security for the Series Bonds are included in this Official Statement. Descriptions of the Department and the Administration, the Administration's program of financing Loans under the Bond Resolution (the "Program") and the Series 2010B/2009 A-2 Loans and the Series 2010B/2009 A-2 Developments can be found in Appendices B, C and D, respectively. APPENDIX E summarizes certain mortgage insurance and security guaranty programs of the Federal Housing Administration and describes the Maryland Housing Fund ("MHF"), while APPENDIX F summarizes certain federal housing subsidy programs. Certain provisions of the Bond Resolution are summarized in APPENDIX G. Information regarding outstanding Multi-Family Mortgage Revenue Bonds under the Bond Resolution as of September 1, 2010 is provided in APPENDIX H. A description of the Book Entry System is provided in APPENDIX I. The proposed forms of the opinions of Bond Counsel are included as APPENDIX J-1 and APPENDIX J-2.

This Introduction is only a brief description of the matters described herein. Prospective purchasers of the Series Bonds should read this entire Official Statement, including the appendices hereto, in order to make an informed investment decision. **The appendices to and footnotes in this Official Statement constitute a part of this Official Statement and contain information that any potential investor should read in conjunction with the other parts of this Official Statement in order to make an informed investment decision.** This Official Statement speaks only as of its date and the information contained herein is subject to change.

All references herein to the Resolutions and other documents and agreements are qualified in their entirety by reference to such Resolutions, documents and agreements, and references herein to the Series Bonds are qualified in their entirety by reference to the form thereof, copies of which are available for inspection at the offices of the Administration located at 100 Community Place, Crownsville, Maryland

21032. Inquiries for documents or concerning this Official Statement should be directed to Investor Relations at (410) 514-7326 or cda_bonds@mdhousing.org.

THE NEW ISSUE BOND PROGRAM

The Administration issued $92,040,000 aggregate principal amount of Series 2009 A Bonds as escrow bonds under the Multifamily New Issue Bond Program (the "NIBP Program") announced by the United States Department of the Treasury ("Treasury"), Fannie Mae and Freddie Mac. The Series 2009 A Bonds were purchased by Fannie Mae and Freddie Mac (the "Purchasers" or the "GSEs") pursuant to the NIBP Program, the Bond Resolution and the 2009 A Series Resolution. Proceeds derived from the sale of the Series 2009 A Bonds in an amount equal to $92,040,000 were deposited in the Series 2009 A Escrow Account of the Series 2009 A Account of the Bond Proceeds Fund established by the 2009 A Series Resolution. Under the NIBP Program, the Purchasers exchanged the Series 2009 A Bonds for securities issued by the Purchasers ("GSE Securities") backed by the Series 2009 A Bonds, which securities were then purchased by the Treasury. Such GSE Securities are not part of the security for the Series 2009 A Bonds. The Series 2009 A Bonds bear interest at a short term variable rate and the interest rate calculation method may be converted in up to six tranches prior to December 31, 2011.

The release of amounts held in the 2009 Series A Escrow Account to become available to make Loans depends upon compliance with various conditions set forth in agreements between the Administration and the Purchasers and in the Bond Resolution and the 2009 A Series Resolution. The Administration previously has released proceeds of the Series 2009 A Bonds in the amount of $24,380,000 from the Series 2009 Escrow Account. Upon the satisfaction of the conditions precedent to the release of funds from the Series 2009 A Escrow Account, the Administration expects to release the Released Amount from the Series 2009 A Escrow Account on the Release Date. A portion of the Series 2009 A Bonds corresponding to the Released Amount will be converted and re-designated as the Series 2009 A-2 Bonds on the Release Date. Simultaneously with the release of the Released Proceeds from the Series 2009 A Escrow Account, the Administration expects to convert and re-designate an additional portion of the Series 2009 A Bonds, in the amount of $5,410,000, as Series 2009 A-3 Bonds on the Release Date.

THE SERIES BONDS

General Description – the Series 2010 B Bonds

The Series 2010 B Bonds will be dated and will accrue interest from the Delivery Date. The Series 2010 B Bonds will be delivered only as fully registered bonds in book entry form in the denominations of $5,000, or any integral multiple thereof. The Series 2010 B Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2010 B Bonds. The Series 2010 B Bonds will mature in the years and amounts set forth on the inside cover page of this Official Statement and will bear interest from the Delivery Date, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2011, and at maturity. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

General Description – the Series 2009 A-2 Bonds

The Series 2009 A-2 Bonds will be dated December 30, 2009, mature on July 1, 2051, and will bear interest from the Release Date to November 29, 2010 (the "Conversion Date") at a rate equal to the lesser of (a) the interest rate for Four Week Treasury Bills as of the second Business Day prior to the Release Date plus 60 basis points or (b) 3.21%, payable on the Conversion Date. On and after the Conversion Date, the Series 2009 A-2 Bonds will bear interest at the rate equal to 3.21% per annum, payable on each

January 1 and July 1, commencing January 1, 2011 until payment of the principal thereof, from the Interest Payment Date next preceding the date of registration and authentication of each such Series 2009A-2 Bond, unless such Series 2009 A-2 Bond is registered and authenticated as of an Interest Payment Date, in which case it shall bear interest from said Interest Payment Date, or unless such Series 2009 A-2 Bond shall be in default, in which event such Series 2009 A-2 Bond shall bear interest from the date on which interest was last paid on such Series 2009 A-2 Bond or from the Conversion Date if no interest has been paid on such Series 2009 A-2 Bond. The Series 2009 A-2 Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2009 A-2 Bonds. If any such dates are not business days, then payments will be made on the next business day. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Application of Series Bond Proceeds

The proceeds of the sale of the Series Bonds will be applied to finance the Series 2010B/2009 A-2 Loans. See "INTRODUCTION – Use of Proceeds of Series Bonds." Costs of issuance will be paid from funds provided by the Borrowers and other funds of the Administration.

Redemption Provisions

Optional Redemption – Series 2010 B Bonds

The Series 2010 B Bonds maturing on and after January 1, 2021 are subject to redemption, at the option of the Administration, in whole or in part, at any time on and after July 1, 2020, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption.

Optional Redemption – Series 2009 A-2 Bonds

The Series 2009 A-2 Bonds are subject to optional redemption in minimum denominations of $10,000 and integral multiples of $10,000 in excess thereof at the option of the Administration, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Special Redemption

All Series Bonds are subject to special redemption without premium at the principal amount thereof, plus accrued interest thereon, at the option of the Administration, in whole or in part, at any time, from:

(1) Recovery Payments relating to Loans financed by the Series Bonds, including, but not limited to, voluntary prepayments, condemnation proceeds, mortgage insurance payments, hazard insurance proceeds, foreclosure proceeds, prepayments of Guaranteed Securities resulting from an override by the United States Department of Housing and Urban Development ("HUD") of prepayment restrictions in a mortgage insured by the Federal Housing Administration ("FHA") in accordance with HUD's policies and procedures, and payments accepted by the Administration in order to refinance Developments which are in default or would have been in default but for the forbearance of the Administration,

(2) amounts on deposit in the Revenue Fund in excess of accrued Debt Service on all outstanding Bonds and any account funding requirements as of the date of transfer,

(3) amounts resulting from any reduction of the amount on deposit in the Debt Service Reserve Fund, and

(4) proceeds of the Series Bonds not used to finance Loans.

Additionally, if certain of the Borrowers have not caused to be delivered to the Trustee 30 days before the LOC Expiration Date a renewal of the Letter of Credit, a Substitute Letter of Credit or such other action acceptable to the Rating Agency, the Series Bonds are subject to special redemption, at the principal amount thereof, without premium, plus accrued interest thereon to the date of such redemption, in part, on or before the 5th day prior to the LOC Expiration Date (or if such day is not a Business Day, the Business Day prior to such 5th day), from proceeds of the Series Bonds then remaining on deposit in the Series 2009 A-2/Series 2010 B Account of the Bond Proceeds Fund.

Section 8. Bonds may be redeemed in the event the Administration receives an insurance claim payment in connection with the restructuring of a Loan for a Development receiving Section 8 assistance. See also additional information relating to recent developments affecting the Section 8 program under the heading "Section 8 Program - Expiring HAP Contracts" in APPENDIX F. The Administration cannot accurately predict when special redemption of Series Bonds may occur in the future due to potential Prepayments of such Loans. For detailed information regarding all of the Loans, see Table D-1 and Table D-2 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS."

Sinking Fund Redemption

Series 2010 B Bonds. The Series 2010 B Bonds maturing July 1, 2025 are subject to mandatory redemption in part by lot on January 1, 2023, and on each July 1 and January 1 thereafter to and including July 1, 2025, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

Date	Principal Amount	Date	Principal Amount
January 1, 2023	$180,000	July 1, 2024	$190,000
July 1, 2023	185,000	January 1, 2025	195,000
January 1, 2024	185,000	July 1, 2025†	200,000

†Final Maturity

The Series 2010 B Bonds maturing July 1, 2030 are subject to mandatory redemption in part by lot on January 1, 2026, and on each July 1 and January 1 thereafter to and including July 1, 2030, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

Date	Principal Amount	Date	Principal Amount
January 1, 2026	$200,000	July 1, 2028	$220,000
July 1, 2026	205,000	January 1, 2029	230,000
January 1, 2027	210,000	July 1, 2029	230,000
July 1, 2027	215,000	January 1, 2030	235,000
January 1, 2028	220,000	July 1, 2030†	240,000

†Final Maturity

The Series 2010 B Bonds maturing July 1, 2040 are subject to mandatory redemption in part by lot on January 1, 2031, and on each July 1 and January 1 thereafter to and including July 1, 2040, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

Date	**Principal Amount**	**Date**	**Principal Amount**
January 1, 2031	$245,000	January 1, 2036	$305,000
July 1, 2031	250,000	July 1, 2036	315,000
January 1, 2032	255,000	January 1, 2037	320,000
July 1, 2032	265,000	July 1, 2037	330,000
January 1, 2033	270,000	January 1, 2038	335,000
July 1, 2033	275,000	July 1, 2038	340,000
January 1, 2034	280,000	January 1, 2039	350,000
July 1, 2034	285,000	July 1, 2039	355,000
January 1, 2035	295,000	January 1, 2040	365,000
July 1, 2035	300,000	July 1, 2040†	375,000

†Final Maturity

The Series 2010 B Bonds maturing July 1, 2045 are subject to mandatory redemption in part by lot on January 1, 2041, and on each July 1 and January 1 thereafter to and including July 1, 2045, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

Date	**Principal Amount**	**Date**	**Principal Amount**
January 1, 2041	$380,000	July 1, 2043	$415,000
July 1, 2041	390,000	January 1, 2044	420,000
January 1, 2042	395,000	July 1, 2044	430,000
July 1, 2042	400,000	January 1, 2045	435,000
January 1, 2043	405,000	July 1, 2045†	440,000

†Final Maturity

Series 2009 A-2 Bonds. The Series 2009 A-2 Bonds maturing July 1, 2051 are subject to mandatory redemption in part by lot on January 1, 2046, and on each July 1 and January 1 thereafter to and including July 1, 2051, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

Date	Principal Amount	Date	Principal Amount
January 1, 2046	$450,000	January 1, 2049	$490,000
July 1, 2046	460,000	July 1, 2049	510,000
January 1, 2047	460,000	January 1, 2050	510,000
July 1, 2047	480,000	July 1, 2050	520,000
January 1, 2048	480,000	January 1, 2051	530,000
July 1, 2048	490,000	July 1, 2051†	1,230,000

†Final Maturity

Reduction of Sinking Fund Installments. If Series Bonds that are subject to sinking fund redemption are purchased by the Administration or redeemed (except pursuant to a Sinking Fund Installment), the Administration shall determine which Sinking Fund Installments for such Series Bonds are to be reduced and the amount of any such reduction, provided that the aggregate of such reductions shall equal the aggregate principal amount of Series Bonds so purchased or redeemed.

Selection of Bonds to be Purchased or Redeemed

Any Bonds to be purchased or redeemed, except by a Sinking Fund Installment, will be purchased or redeemed only upon receipt by the Trustee of a certificate signed by an Authorized Officer which sets forth the following:

(1) the Series of Bonds to be purchased or redeemed;

(2) the maturities within such Series from which Bonds are to be purchased or redeemed;

(3) the principal amount and maximum price of Bonds within such maturities to be purchased or redeemed; and

(4) if any of the Bonds to be purchased or redeemed are Term Bonds, the years in which the applicable Sinking Fund Installments are to be reduced.

If fewer than all of the Bonds of a Series having the same maturity are called for redemption, the particular Bonds or portions of Bonds to be redeemed are to be selected by the Trustee and redeemed in Authorized Denominations on a pro rata basis (calculated based on the outstanding principal amount of the Series Bonds divided by the sum of the outstanding principal amount of the Series Bonds and the outstanding principal amount of any bonds issued in conjunction with and secured by the Indenture on a parity with the Series Bonds) and 100% (if no bonds issued in conjunction with and secured by the Indenture on a parity with the Series Bonds are then Outstanding) of all principal prepayments and recoveries of principal received with respect to the Loans, acquired or financed with the proceeds of the Series Bonds and any such parity bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Series Bonds and any bonds issued in conjunction with and secured by the Indenture on a parity with the Series Bonds. Notwithstanding the foregoing, tax credit equity with respect to projects funded with Loans may be used solely to redeem related bonds issued in conjunction with Series Bonds. Such tax credit equity is required to be applied to the redemption of Series Bonds promptly and as provided above shall not be recycled into new Loans. Particular series of Series Bonds may be redeemed with payments of specified Loans. If any Series Bonds are to be redeemed under any of the redemption provisions described above, Series Bonds may be redeemed only in Authorized Denominations. All Bonds called for redemption will cease to accrue interest on the specified redemption date and shall no longer be considered Outstanding under the Bond Resolution, provided that funds sufficient for the redemption of those Bonds are deposited with the Trustee. Upon presentation and surrender of Bonds called for redemption at the place or places of payment, together with a written instrument of transfer duly executed by the owner thereof or by the owner's attorney duly authorized in writing, such Bonds are to be paid and redeemed.

Purchase of Bonds

The Administration may purchase or cause to be purchased any Bonds of any particular Series or maturity in lieu of redemption of such Bonds or for any other purpose pursuant to written instructions given by the Administration to the Trustee, provided that, if the purchase price of any Bonds exceeds the then applicable Redemption Price and accrued interest to the date of purchase, such written instructions shall be accompanied by a Cash Flow Certificate which takes into account any redemption or cancellation of Bonds so purchased. Such purchases shall be made in such manner as directed by the Administration. The Administration may from time to time in its discretion invite tenders for sale of Bonds to the Administration or a person designated by the Administration, either by public offer or private invitation, at such prices or bidding procedures as may be determined by the Administration. Such tender invitations may be made in lieu of redemption of Bonds or for any other purpose.

Notice of Redemption – Series 2010 B Bonds

Notice of redemption of the Series 2010 B Bonds is to be given not less than 30 days before the date fixed for redemption, as provided in the 2010 B Series Resolution. Failure to give any such notice, however, will not affect the validity of any proceedings for redemption of other Bonds of such Series.

Notice of Redemption – Series 2009 A-2 Bonds

Notice of redemption of the Series 2009 A-2 Bonds is to be given not less than 15 days (or, when the Series 2009 A-2 Bonds are held by DTC, not less than 20 days) before the date fixed for redemption, as provided in the 2009 A-2 Series Resolution, the 2009 A Series Resolution and the Bond Resolution. Failure to give any such notice, however, will not affect the validity of any proceedings for redemption of other Bonds of such Series.

DTC and Book Entry

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

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

SECURITY FOR THE BONDS

Provisions of the Bond Resolution

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

(1) proceeds of the sale of Bonds of the related Series (or Subseries thereof) (other than proceeds deposited in trust for the retirement of Outstanding Bonds and proceeds of the Series 2009 A Bonds on deposit in escrow prior to the Release Date which are pledged solely as security for the Series 2009 A Bonds),

(2) Loans made, purchased or otherwise financed from such proceeds,

(3) Revenues (primarily payments of principal and interest on Loans other than any Non-parity Loan),

(4) Recovery Payments (which include Prepayments) and Acquired Development Receipts,

(5) all money, investments and other assets held in the funds and accounts established by or pursuant to the Bond Resolution and the earnings thereon, except for any money, investments, assets or income held in any fund or account created by a Series Resolution which provides that such fund or account shall not be subject to the lien of the Bond Resolution, and

(6) 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 Resolutions, (ii) other specific limitations set forth in the Bond Resolution, and (iii) with respect to one or more Series of Bonds or any Subseries thereof, 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 Bonds of any Series or Subseries thereof (provided, however, any funds, assets or other property pledged to or for the benefit of the Credit Enhancer, Credit Facility Provider or Qualified Hedge provider shall be available to the Credit Enhancer, Credit Facility Provider or Qualified Hedge Provider only after it has made payment under the Credit Enhancement, Credit Facility or Qualified Hedge Provider of the related Series (or Subseries thereof, as herein provided), 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 Bonds of any Series or Subseries thereof 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 Resolution 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 therein. See "SECURITY FOR THE BONDS – Additional Bonds."

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

Series 2009 A-2/Series 2010 B Account, Series 2009 A Account and Series 2009 A Escrow Account

The 2009 A-2 Series Resolution establishes an account in the Bond Proceeds Fund designated as the Series 2009 A-2/Series 2010 B Account. On and after the Release Date, at the direction of the Administration, the Trustee will be required to transfer the Released Amount from the Series 2009 A Escrow Account to the Series 2009 A-2/Series 2010 B Account to be used, from and after the Release Date, subject to and in accordance with Appendix A to the 2009 A Series Resolution, for any purpose for which such proceeds may be used under the Bond Resolution, including the making of Loans. The Trustee is required to invest amounts on deposit in the Series 2009 A-2/Series 2010 B Account on the Release Date in Permitted Investments as directed by the Administration.

The Series Resolution establishes within the Bond Proceeds Fund a Series 2009 A Account, and within the Series 2009 A Account, an account designated as the Series 2009 A Escrow Account. Proceeds of the Series 2009 A Bonds shall remain on deposit in the Series 2009 A Escrow Account until such proceeds are released from the Series 2009 A Escrow Account in accordance with the Bond Resolution and the 2009 A Series Resolution. Amounts on deposit in the Series 2009 A Escrow Account shall be invested in Permitted Escrow Investments. **In accordance with the 2009 A Series Resolution, amounts on deposit in the Series 2009 A Escrow Account and investments thereon are pledged solely to secure the Series 2009 A Bonds.**

Credit Enhancement of the Series 2010B/2009 A-2 Loans

The Series 2010B/2009 A-2 Loans are expected to have Credit Enhancement under the FHA Risk-Sharing Program. See APPENDIX E – "MORTGAGE INSURANCE PROGRAMS – FHA INSURANCE-FHA RISK-SHARING PROGRAM."

The FHA Risk-Sharing Program is administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992 (the "Risk-Sharing Act") and applicable HUD Regulations found at 24 C.F.R. Part 266. The Risk-Sharing Act authorizes the Secretary of HUD ("HUD Secretary") to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible developments. Under this program, FHA endorses mortgages on qualified multi-family projects for insurance. HUD delegates to the HFA certain loan underwriting, loan management and property disposition functions. Upon default of an insured loan, FHA is required to make an initial payment in the amount of the unpaid principal and interest due to the date of claim. The HFA is required to reimburse HUD an agreed percentage of any loss resulting upon disposition of the property (but in any event within five years, subject to extension in the discretion of HUD).

The Administration has received designation as both a Level I and a Level II participant in the FHA Risk-Sharing Program with an initial allocation of 475 affordable multifamily housing units eligible for insurance. The Administration applies for an additional allocation of multifamily units in an amount sufficient to insure units under the FHA Risk-Sharing Program that will be financed by a Loan. As a Level I participant, the Administration will assume 50% or more of the liability for any losses incurred by HUD upon payment under its insurance following disposition of the property, the exact percentage being determined separately with respect to each project. As a Level II participant, the Administration will assume (i) 25% of the liability for such losses with respect to projects having a loan to value or loan to replacement cost ratio greater than or equal to 75%, or (ii) 10% of such liability with respect to projects having a loan to value or loan to replacement cost ratio less than 75%.

The Administration currently expects that its participation in the FHA Risk-Sharing Program will be in connection with new Loans financed by Bonds on a case-by-case basis. MHF is expected to reimburse the Administration for the Administration's share of any loss incurred under the FHA Risk-Sharing Program.

Neither FHA nor any other Credit Enhancer insures or guarantees the Bonds. The assets of FHA or other Credit Enhancers are not available to the Administration or the Trustee to satisfy obligations to the holders of the Bonds. The obligations of FHA and other Credit Enhancers are limited to the payment of mortgage insurance claims, credit enhancement or guaranties as described herein.

Series 2009 A-2/Series 2010 B Negative Arbitrage Account

The Borrowers will deliver irrevocable, standby letters of credit to the Trustee on the Release Date for the credit to the Series 2009 A-2/Series 2010 B Negative Arbitrage Account to the extent amounts on deposit in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization on the certain of the Series 2010B/2009 A-2 Loans. See "SECURITY FOR THE BONDS – Series 2009 A-2/Series 2010 B Negative Arbitrage Account" and Table D-1 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS."

Pursuant to the 2009 A-2 Series Resolution and the 2010 B Series Resolution, the Trustee may draw amounts under each of the Letters of Credit from time to time, as directed by the Administration, in accordance with the terms thereof for deposit to the Series 2009 A-2/Series 2010 B Negative Arbitrage Account and application to the purposes stated below. The Trustee shall not sell, transfer or otherwise dispose of any of the Letters of Credit delivered to the Trustee on the Delivery Date unless (i) the related Borrower has delivered to the Trustee a Substitute Letter of Credit prior to such sale, transfer or other disposition or (ii) such sale, transfer or other disposition of any of the Letters of Credit is directed by the Administration and is required for the purpose of providing funds for the defeasance or redemption, at par, of the allocable Series 2009 A-2 Bonds and the Series 2010 B Bonds outstanding under the 2009 A Series Resolution and the 2010 B Series Resolution, as applicable.

To the extent amounts in the Revenue Fund are insufficient to pay interest on Series Bonds on any Interest Payment Date, the Trustee shall, at the written direction of the Administration, draw the requisite amount under any of the Letters of Credit and transfer such amount to the Revenue Fund on the Interest Payment Date (or such earlier date required under the terms of the Letters of Credit) to fund such insufficiency.

To the extent the Series Bonds are to be redeemed due to the failure of the Borrower to deliver to the Trustee a Substitute Letter of Credit 30 days before the LOC Expiration Date as described under "THE SERIES BONDS – Redemption Provisions – Special Redemption," the Trustee shall not later than the 5th day prior to the LOC Expiration Date (or if such day is not a Business Day, the Business Day prior to such 5th day) to draw on any of the Letters of Credit as directed in writing by the Administration for all amounts available thereunder for payment of the redemption price of the Series Bonds to be redeemed due to such failure.

Credit Enhancement of Additional Loans Financed with Bond Proceeds

Pursuant to the 2009 A Series Resolution, the Administration may apply proceeds of Bonds issued under the Bond Resolution to finance additional Loans so long as such Loans are (i) insured by FHA insurance (including Loans insured under the FHA Risk-Sharing Program), (ii) guaranteed by GNMA, (iii) guaranteed by the GSEs and (iv) originated pursuant to underwriting criteria agreed to by the GSEs, which are either newly originated or refinanced as part of a refunding of variable rate debt of the Administration issued on or before October 19, 2009, which debt was issued to acquire and finance the holding of multifamily loans described in (i)-(iv) of this paragraph on or after October 19, 2004, so long as all such loans are eligible to be financed on a tax-exempt basis under applicable federal law.

Housing Subsidy Payments for Developments

Certain of the Series 2010B/2009 A-2 Developments may receive federal housing subsidy payments under certain federal housing subsidy programs. See Table D-1 of APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS" for a description of housing subsidies applicable to each Series 2010B/2009 A-2 Development. See APPENDIX F – "FEDERAL HOUSING SUBSIDY PROGRAMS."

Section 8 Program. Under the Section 8 housing assistance payments program, housing assistance payments are disbursed by the Administration, as HUD's agent, through payment of a "Contract Rent" for each assisted dwelling unit. The Contract Rent is generally limited by the "fair market rents" established by HUD and published in the Federal Register and by the rents of unassisted units of similar age, design, location and amenities. The Contract Rent for the assisted dwelling units in each development is adjusted by HUD annually pursuant to an adjustment factor established by HUD. The subsidy contracts usually provide for the payment of the Section 8 subsidy for an initial term automatically renewable for additional terms of not more than five years each; however, some contracts are for terms that expire before maturity of the Loan for the related Development. **There is no assurance that a Housing Assistance Payment Contract ("HAP Contract") will be renewed upon its expiration or that HUD will extend the term of any Section 8 subsidy for the term of or in amounts sufficient to pay the related Loan.** Payments received under the subsidy contracts constitute a primary source of revenues for many of the Developments receiving such assistance. Therefore, the termination of, or the reduction of payments under, a subsidy contract may have a material adverse impact on the ability of the related Development to generate revenues sufficient to pay the principal of and interest on a Loan.

The Department is the contract administrator under the HAP Contracts. In such capacity, the Department may be required by its responsibilities under the HAP Contracts to reduce or terminate payments under such contracts, or impose other sanctions, upon a Borrower if the Borrower fails to comply with the requirements of the Section 8 program. Any such action by the Department could adversely affect the availability of revenues to pay debt service on the related Loan.

Additional information about the Section 8 program and recent legislation regarding renewals of HAP Contracts appears in APPENDIX F – "FEDERAL HOUSING SUBSIDY PROGRAMS – Section 8 Program."

Section 236 Program. Pursuant to Section 236(b) of the National Housing Act, the HUD Secretary may enter into Section 236 contracts for certain Developments (the "Section 236 Developments") to make periodic interest reduction payments to the Administration on behalf of the mortgagors of the Section 236 Developments which were designed for occupancy by persons and families of low income. HUD's interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal, interest and a mortgage insurance premium which a mortgagor is obligated to pay under its Loan and the monthly payment for principal and interest which a mortgagor would be obligated to pay if its Loan were to bear interest at the rate of one per centum (1%) per annum. HUD is obligated to make payments under a Section 236 contract and may not terminate or reduce such payments except under certain circumstances, including, but not limited to, certain foreclosure actions instituted by the Administration. The funds for payment of interest reduction payments under the Section 236 contracts have been appropriated by Congress but are subject to rescission by legislation. Additional information about the Section 236 program appears in APPENDIX F – "FEDERAL HOUSING SUBSIDY PROGRAMS – Section 236 Program."

Debt Service Reserve Fund

The Debt Service Reserve Requirement, as of any date of calculation, is the aggregate of the amounts specified as the Debt Service Reserve Requirement for each Series of Bonds in the applicable Series Resolution. As of the date of delivery of the Series Bonds, the Debt Service Reserve Requirement is $654,561.19.

If moneys in the Revenue Fund are insufficient to provide for the payment when due of any Principal Installment, interest on the Bonds or any Sinking Fund Installment, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Revenue Fund the amount of the deficiency then remaining. If any such withdrawal results in the balance in the Debt Service Reserve Fund falling below the amount of the Debt Service Reserve Requirement, any such deficiency shall be replenished from amounts available in the Revenue Fund following payment of Principal Installments, Sinking Fund Installments, redemption premium (if any) and interest on the Bonds. The failure of the Administration to maintain the Debt Service Reserve Requirement will not, in and of itself, constitute an Event of Default under the Bond Resolution.

The Trustee may, at the direction of an Authorized Officer, withdraw any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement, and any amount anticipated to be withdrawn in connection with the purchase or redemption of Bonds, and credit such amount to the Revenue Fund. The Debt Service Reserve Requirement may be reduced upon receipt by the Trustee of a Cash Flow Certificate taking into account such reduction and a certificate from an Authorized Officer to the effect that such reduction, in and of itself, will not cause or result in a reduction of the rating or ratings on the Bonds in effect immediately before such reduction. The Debt Service Reserve Fund and the Debt Service Reserve Requirement may be funded with moneys or Cash Equivalents, in accordance with the requirements of the Bond Resolution and any Supplemental Resolution, or as determined to be deposited therein by the Administration. If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility or Credit Enhancement are to be used to pay the Principal Installments of and interest on Bonds, then amounts in the Debt Service Reserve Fund which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider or Credit Enhancer for the amounts so obtained, all in accordance with such Supplemental Resolution.

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 Permitted Investments. As of August 31, 2010, amounts held in the Bond Proceeds Fund were invested as follows:

Bond Series	**Balance**	**Investment**	**Maturity**
Series 2009 A	$67,705,014.08	Global Escrow Agreement[1]	February 1, 2011

Funds held in the Revenue Fund and the Debt Service Reserve Fund are invested in Permitted Investments. In general, it is the Administration's policy to invest such monies in U.S. Treasury securities, investment contracts collateralized by Permitted Investments, accounts with financial institutions, and securities of other institutions created by the U.S. Government.

Any Permitted Investments described in subparagraphs (4), (5) and (8) of the definition of "Permitted Investments," i.e., U.S. dollar denominated deposit accounts, federal funds and banker's acceptances, commercial paper and investment agreements, as set forth and more fully described in APPENDIX A "DEFINITIONS FROM THE RESOLUTIONS" to this Official Statement, purchased by the Trustee must, as of the date of such purchase, be rated by any Rating Agency then rating the Bonds in a long-term rating category at least equal to the long-term rating of the Bonds and a short term rating in the highest short-term rating category (unless the Permitted Investment has a remaining term of less than one year, in which case it need only have a short term rating in the highest short term rating category); provided, however, that the Trustee may purchase Permitted Investments that do not meet the requirements set forth in this paragraph, so long as the purchase of such Permitted Investments 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 Permitted Investment purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell

[1] In connection with the issuance of the Series 2009 A Bonds, the Administration entered into the Global Escrow Agreement dated as of December 18, 2009 (the "Global Escrow Agreement"), with the GSEs, U.S. Bank National Association (the "Agent") and the Trustee. The Global Escrow Agreement provides for the investment of the proceeds of the Series 2009 A Bonds by the Agent as provided therein.

such Permitted Investment. If a Rating Agency were to downgrade or withdraw the rating on any Permitted Investment previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See "RATING."

No Right to General Bond Reserve Fund

The Series Bonds are not secured by the Administration's General Bond Reserve Fund established pursuant to the General Bond Reserve Fund Indenture of Trust, originally adopted as of June 29, 1984 and amended and restated as of November 18, 2003 and February 1, 2008, by and between the Administration and the Trustee. Holders of the Series Bonds have no right to any money or investments held in such fund.

Non-parity Bond Issues under the Bond Resolution

The Bond Resolution permits the Administration to exclude all moneys deposited into any fund or account with respect to any Series under the Bond Resolution from the pledge of the Bond Resolution securing payment of the Bonds of any Series or Subseries thereof, Parity Obligations or Subordinate Contract Obligations (all such terms as defined in the Bond Resolution) or to limit such pledge, all as provided in a series resolution executed in connection with the issuance and/or re-designation and conversion of such Series or Subseries thereof (such Series or Subseries thereof collectively, the "Non-parity Bonds"). Notwithstanding anything to the contrary set forth in Resolutions, on and after the effective date of any series resolution or supplemental series resolution authorizing the issuance and/or re-designation of Non-parity Bonds, all funds, accounts, investments and other property held by or pledged to the Trustee for as security for any Non-parity Bonds will serve as collateral for the payment of debt service, fees and expenses solely for such Non-parity Bonds. No other series resolution will be cross-collateralized with a series resolution or supplemental series resolution authorizing Non-parity Bonds and a default under any other series resolution or supplemental series resolution or the Bond Resolution (to the extent such default is unrelated to the Non-parity Bonds) shall not be the cause of a default under the series resolution or supplemental series resolution authorizing the Non-parity Bonds.

Cash Flow Statements and Certificates

The Administration is required to file with the Trustee a current Cash Flow Statement whenever any Series of Bonds is issued, unless such filing is not required by a Rating Agency.

The Administration is also 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;

(ii) prior to withdrawing moneys from the Revenue Fund for payment to the Administration free and clear of the pledge and lien of the Bond Resolution, 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 Loans not in default;

(iv) prior to [a] the initial financing of a Loan whose terms are materially inconsistent with the most recent Cash Flow Statement, or [b] subsequently materially modifying, amending or altering the terms or provisions of any Loan or releasing, altering or modifying materially the security therefor (including, without limitation, Credit Enhancement, if any);

(v) except as provided in Section 6.07(c) of the Bond Resolution (summarized in APPENDIX C), prior to the releasing of any Loan from the pledge and lien of the Bond Resolution at less than the amount specified in Section 6.06 of the Bond Resolution (summarized in APPENDIX C) for Prepayment of such Loan;

(vi) prior to the application of a Recovery Payment to any use other than the purchase or redemption of Bonds;

(vii) prior to the purchase of Bonds at a price in excess of the then applicable Redemption Price plus accrued interest to the date of purchase; or

(viii) prior to effecting any reduction in the Debt Service Reserve Requirement.

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) the Revenues derived with respect to each Loan, together with any other payments on such Loans,

(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 compounded no more frequently than monthly),

(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 Series Resolution, a fund or account established in said Series 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 Permitted Investments held in the Bond Proceeds Fund, the Redemption Fund, the Revenue Fund and the Debt Service Reserve Fund (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.

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) 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 Series Resolution, a fund or account established in said Series 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) above, except with respect to such funds or accounts which may be specified in such Series 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 are prepared based upon certain assumptions of and information available to the Administration at the time such a statement or certificate is prepared. Such assumptions and information are subject to change, which may materially affect the conclusions expressed in the statement or certificate. Accordingly, Bondholders 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. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Cash Flow Statements and Certificates."

Additional Bonds

The Resolutions permit the issuance of additional Bonds for one or more of the following purposes: (1) to finance or refinance Permitted Mortgage Loans (including, without limitation, Permitted Mortgage Loans in default); (2) to refund any or all Outstanding Bonds or any other bonds, notes or other obligations; (3) to pay any "Development Cost" as such term is defined in the Act and any other cost, including, without limitation, costs of issuance, discount, insurance or credit enhancement premiums or fees, fees and expenses of counsel, financial advisors and other professional advisors and consultants, all as permitted by the Act; (4) to fund reserves; or (5) to achieve any of the Administration's purposes. Prior to the issuance of any Series of additional Bonds, the Administration will file with the Trustee: (i) a Cash Flow Statement and (ii) confirmation that the rating on such Series of Bonds shall not be lower than the rating on the Bonds in effect immediately prior to the issuance of such Series of Bonds. The Series Bonds and any additional Bonds issued under the Bond Resolution will be on a parity and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described herein, interest on the Series Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Bond for any period during which the Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Series Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax.

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

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

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

Certain Parity Resolution Aspects

Each Series of Bonds issued under the Bond Resolution with the intention that the interest paid thereon will be excludable from gross income for Federal income tax purposes ("Tax-Exempt Bonds"), including the Series Bonds, must satisfy the applicable requirements of the Code. The Administration also is authorized to issue and may in the future issue pursuant to the Bond Resolution one or more Series of Bonds the interest on which is intended to be includable in gross income for Federal income tax purposes ("Taxable Bonds"). The applicable Series Resolution for any issue of Taxable Bonds will provide that proceeds from any Series of Tax-Exempt Bonds will not be used to redeem any Taxable Bonds if the redemption would cause interest on any Series of Tax-Exempt Bonds to be includable in gross income for Federal income tax purposes.

In general, Tax-Exempt Bonds originally issued for new money purposes after the general effective date of the Code of August 16, 1986, are fully subject to the applicable requirements of the Code, including the more restrictive low income set-aside requirements under the Code. The Series Bonds are fully subject to the low income set-aside requirements of the Code. This section includes brief summaries of certain low income set-aside requirements applicable to the Series Bonds under the Code.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series Bonds in order that interest on the Series Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Series Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Administration has covenanted in the Resolutions that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Series Bonds from gross income under Section 103 of the Code. The Administration will deliver its Tax Certificate concurrently with the issuance of the Series Bonds which will contain provisions relating to compliance with the requirements of the Code. The Administration also has required or will require Borrowers to make certain covenants in the Loan program documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Administration or the owners of the Series Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Series Bonds for Federal income tax purposes. Such Federal tax compliance covenants will be subordinate to the rights of FHA under the Series 2010B/2009 A-2 Loan documents and the enforcement of such covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Administration or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on such Series Bonds for Federal income tax purposes.

Low Income Set-Aside Requirements under the Code

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

Other Set-Aside Requirements or Absence Thereof

In addition to the above described set-aside requirements, Developments financed with the proceeds of Bonds also may be subject to income, occupancy and other like restrictions under the Program or other State financing programs. See APPENDIX C - "THE PROGRAM - Income Limits."

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Series Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon such owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Series Bonds. Interest on the Series Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds of a Series is expected to be the initial public offering price set forth on the cover page (or inside cover page) of this Official Statement with respect to such Series of Bonds. In general, under Section 1288 of the Code, OID on a Bond having OID (a "Discount Bond") accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Due to the fact that the interest rate on the Series 2009 A-2 Bonds increases two months following the Release Date, the Series 2009 A-2 Bonds may be considered issued with original issue discount for federal income tax purposes.

Generally, such original issue discount is amortized over the term of any such Discount Bonds, and such amortized amount is treated as tax-exempt interest. Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 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.

Miscellaneous

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 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 of the Series 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 Series Bonds or the market value thereof would be impacted thereby. 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 Series Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

UNDERWRITING – SERIES 2010 B BONDS

The Series 2010 B Bonds are being purchased on a negotiated basis by RBC Capital Markets Corporation, Merrill Lynch, Pierce, Fenner & Smith, Incorporated and J.P. Morgan Securities LLC (collectively, the "Underwriters"). The Underwriters have jointly and severally agreed to purchase the Series 2010 B Bonds at the price or prices set forth on the inside cover page hereof. The Underwriters will receive a fee of $172,587.31 relating to their purchase of the Series 2010 B Bonds. The bond purchase agreement among the Administration and the Underwriters (the "Bond Purchase Agreement") provides that the Underwriters will purchase all but not less than all of the Series 2010 B Bonds. The Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Series 2010 B Bonds may be changed, from time to time, by the Underwriters.

The Underwriters may offer and sell any of the Series 2010 B Bonds to certain dealers (including dealers depositing such Series 2010 B Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

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 ("USBFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase the Series 2010 B Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2010 B Bonds that such firm sells.

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale and delivery of any of the Series 2010 B Bonds or the delivery of the Series 2009 A-2 Bonds or in any way contesting or affecting the validity of any of the Series Bonds, the Bond Resolution or other proceedings of the Secretary taken with respect to the authorization, issuance, sale and delivery of any of the Series 2010 B Bonds or the delivery of the Series 2009 A-2 Bonds, or the pledge or application of any moneys under the Bond Resolution, or the existence or powers of the Administration.

LEGAL MATTERS

The authorization, issuance and delivery of the Series 2010 B Bonds and the authorization and delivery of the Series 2009 A-2 Bonds are subject to receipt of the opinions of Kutak Rock LLP, Washington, D.C., Bond Counsel, which will be in substantially the form set forth in APPENDIX J-1 AND APPENDIX J-2. Certain legal matters pertaining to the Administration will be passed upon by an Assistant Attorney General of the State as Counsel to the Department. Certain legal matters for the Underwriters will be passed upon by their counsel, Miles & Stockbridge P.C.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

Under the Act, the Bonds are securities in which all public officers and public units of the State and its political subdivisions and all State banks, trust companies, savings and loan associations, investment companies, and others carrying on a banking business, all insurance companies, insurance associations, and others carrying on an insurance business, all State personal representatives, guardians, trustees, and other fiduciaries and all other persons, may legally and properly invest funds, including capital in their control or belonging to them. The Bonds are securities which properly and legally may 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.

FINANCIAL ADVISORS

Caine Mitter & Associates Incorporated and Strategic Solutions Center, LLC (collectively, the "Financial Advisors") have served as financial advisors to the Administration in connection with the sale of the Series 2010 B Bonds and the delivery of the Series 2009 A-2 Bonds.

RATING

Moody's has assigned its bond rating of "Aaa" to the Series Bonds. Explanations of the significance of such ratings may be obtained from Moody's at 7 World Trade Center, New York, New York 10007. The Administration has not applied for any other rating in respect of any of the Series Bonds. Moody's may have been provided with information regarding the Administration and its financial condition and operations which is not included in this Official Statement. There is no assurance that such ratings, once assigned, will continue for any period of time or that such ratings will not be revised, reduced or withdrawn. The Administration has not agreed to maintain such ratings, to notify the owners of the Bonds of any proposed or threatened change or withdrawal of such ratings (other than actual material rating changes within the scope of the Administration's continuing disclosure undertaking described below) or to oppose any proposed or threatened change or withdrawal of such ratings. Any reduction or withdrawal of such ratings would have an adverse effect upon the market price of the Bonds.

CONTINUING 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 or to any other entity designated or authorized by the Commission to receive reports pursuant to the Rule (in either case, the "MSRB") (until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org), within 120 days of the end of each fiscal year, the following annual financial information and operating data (commencing with the fiscal year ended June 30, 2011):

(i) annual financial statements of the Multi-Family Mortgage Revenue Bond program (if any);

(ii) information in this Official Statement, setting forth:

(a) a description of the Credit Enhancement of any Loans made under the Program;

(b) the balance in the Debt Service Reserve Fund;

(c) the geographical distribution of the Loans and any affect thereof on the Loans;

(d) information pertaining to the Loans and the Developments financed with the proceeds of, and securing, the Series Bonds; and

(e) the outstanding Multi-Family Mortgage Revenue Bonds of the Administration.

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 or other offering circular for one or more Series of Bonds or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

The Administration agrees to provide, in a timely manner, to the MSRB, notice of the occurrence of any of the following events with respect to any of the Series Bonds, if material:

(i) principal and interest payment delinquencies,

(ii) non-payment related defaults,

(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 or events affecting the tax-exempt status of any of the Series Bonds,

(vii) modifications to rights of Bondholders,

(viii) bond calls,

(ix) defeasances,

(x) release, substitution, or sale of property securing repayment of any of the Series Bonds, or

(xi) rating changes.

In a timely manner, the Administration will give to the MSRB, notice of any failure by the Administration to provide any information as described above on or before the dates specified therein.

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

The Administration agrees that its undertaking pursuant to the Rule described herein is intended to be for the benefit of any holder or beneficial owner of any of the Series Bonds. Such holder's and beneficial owner's right to enforce the provisions of the Administration's undertaking is limited to a right to obtain specific enforcement of the Administration's obligation 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 Series Bonds or any other Bonds issued under the Bond Resolution or under any related series resolution.

The provisions of the undertaking may be amended, with the consent of the holders or any beneficial owners of any of the Series Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date of the undertaking.

MISCELLANEOUS

Summaries and Descriptions in Official Statement

The summaries and explanation of, or references to, the Act, the program documents, the Resolutions and the Series 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 office of the Administration. The descriptions of MHF and mortgage insurance and credit enhancement programs do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the applicable statutes and regulations.

Selection and Compensation of Professionals

The Administration selects its independent auditor through a competitive process in accordance with State procurement law. Compensation of the auditor is not contingent on the sale and delivery of the Series 2010 B Bonds or the delivery of the Series 2009 A-2 Bonds. The Financial Advisors are selected by the Administration periodically through a competitive process in accordance with State procurement law. Compensation of the Financial Advisors is not contingent on the sale and delivery of the Series 2010 B Bonds or the delivery of the Series 2009 A-2 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 and delivery of the Series 2010 B Bonds or the delivery of the Series 2009 A-2 Bonds. The Underwriters are selected by the Administration periodically through a process of solicitation of proposals. Compensation of the Underwriters and their counsel is contingent on the sale of the Series 2010 B Bonds.

Miles & Stockbridge P.C. is counsel to the Underwriters in connection with the issuance of the Series 2010 B Bonds, and a Principal of Miles & Stockbridge P.C. is a member of the Department's Revenue Bond Advisory Board (the "Board"). See APPENDIX B – "THE DEPARTMENT AND THE ADMINISTRATION – General Information" for a description of the Board. Underwriters' counsel had not been selected at the time the Board recommended to the Secretary the issuance of the Series 2010 B Bonds. No lawyer at Miles & Stockbridge P.C. participated in the selection of Underwriters' counsel in connection with the issuance of the Series 2010 B Bonds.

This Official Statement is submitted in connection with the offering of the Series 2010 B Bonds. Additionally, this Official Statement is deemed to be a supplement to the Official Statement of the Administration dated December 18, 2009 provided in connection with the conversion and redesignation of the Series 2009 A-2 Bonds.

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

APPENDIX A

DEFINITIONS FROM THE RESOLUTIONS

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

"Accountant's Report" means an opinion signed by any nationally recognized certified public accountant or firm of certified public accountants (who may be the accountant or firm that regularly audits the books and accounts of the Administration) from time to time selected by the Administration.

"Accounts" means the accounts established pursuant to the Bond Resolution or any Supplemental Resolution.

"Accreted Amount" means, as of any Interest Payment Date, with respect to Capital Appreciation Bonds and Deferred Income and Appreciation Bonds, such amounts as are set forth in the Series Resolution authorizing such Capital Appreciation Bonds and/or Deferred Income and Appreciation Bonds. "Accreted Amount" means, as of any date other than an Interest Payment Date, the sum of (a) the Accreted Amount on the preceding Interest Payment Date and (b) the product of: (x) a fraction, the numerator of which is the number of days having elapsed from the preceding Interest Payment Date and the denominator of which is the number of days from such preceding Interest Payment Date to the next succeeding Interest Payment Date, and (y) the difference between the Accreted Amounts for such Interest Payment Dates.

"Acquired Development" means a Development constructed, owned, operated or administered by reason of the Administration's obtaining possession thereof when the Mortgage with respect thereto is in default under its terms.

"Acquired Development Expense Requirement" means such amount of money as may, from time to time, by resolution of the Administration, with the approval of the Secretary, be determined to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with the operation or ownership of an Acquired Development.

"Acquired Development Expenses" means any and all costs and expenses incurred in connection with the operation or ownership of an Acquired Development as the Administration determines from time to time to be necessary and appropriate in carrying out the rights and duties of the Administration under the Bond Resolution with respect to an Acquired Development.

"Acquired Development Receipts" means all money received by the Administration in connection with its acquisition, ownership or operation of an Acquired Development.

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

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

"Bond Counsel" means nationally recognized bond counsel who is either currently under contract to provide such services to the Administration or is acceptable to the Administration and the Trustee.

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

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

"Business Day" or "business day" means a day on which banks located in the City of Baltimore, Maryland, and the New York Stock Exchange are open for business.

"Capital Appreciation Bonds" means any non-current interest paying Bonds as designated in the applicable Supplemental Resolution.

"Cash Equivalent" means with respect to a Series of Bonds (or Subseries thereof), a letter of credit, insurance policy, surety, guaranty or other security arrangement (each as provided for in a Series Resolution or a Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from each Rating Agency at least equal to the then existing rating on the Bonds or whose unsecured long-term debt securities are rated in a category at least equal to the then existing long-term rating on the Bonds and the highest short-term rating category by each Rating Agency; provided that a Cash Equivalent may be provided by an institution which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Bonds by each Rating Agency.

"Cash Flow Certificate" means the certification and calculation (if required) made by or for the Administration pursuant to the Bond Resolution.

"Cash Flow Statement" means the certification and calculation made by or for the Administration pursuant to the Bond Resolution.

"Code" means the applicable sections of the 1954 Code or the 1986 Code, and any applicable regulations promulgated thereunder.

"Collateral Reserve Fund" means the fund so designated which is established by the Bond Resolution.

"Collateral Reserve Requirement" means, as of any date of calculation, the aggregate of the amounts (if any) specified as the Collateral Reserve Requirement for each Series of Bonds or Subseries thereof or generally in the applicable Series Resolution or Supplemental Resolution to be deposited into the Collateral Reserve Fund in connection with the issuance of a Series of Bonds or generally; provided that: (i) a Series Resolution or Supplemental Resolution may provide that the Collateral Reserve Requirement may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of the Bond Resolution with respect to the Collateral Reserve Requirement and the amounts required to be on deposit in the Collateral Reserve Fund, and (ii) a Series Resolution or Supplemental Resolution may provide for a reduction in the Collateral Reserve Requirement, either as to a Series of Bonds or Subseries thereof or on an aggregate basis, provided that such reduction will not, in an of itself, result in a reduction of the rating of the Bonds as in effect immediately before any such reduction in the Collateral Reserve Requirement and a Cash Flow Certificate taking such reduction into account is filed with the Trustee.

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

"Credit Enhancement" means 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.

"Credit Enhancer" means the issuer or provider of any Credit Enhancement, which term includes, without limitation: (a) any agency or instrumentality of the United States of America guaranteeing, insuring or providing credit enhancement for (including without limitation HUD, the Federal Housing Administration of HUD, and its successors and assigns, the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation); (b) any bank, financial institution, government chartered corporation or other person; or (c) any agency, instrumentality or department of the State.

"Credit Facility" means (i) an unconditional and irrevocable letter of credit (or confirmation of a letter of credit) in form and drawn on a bank or banks acceptable to the Administration, (ii) cash, (iii) a certified or bank check, (iv) Permitted Investments, or (v) any other credit facility similar to the above in purpose and effect, 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 or Subseries thereof, or Parity Obligation or a Subordinate Contract Obligation.

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

"Debt Service" means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installments and Sinking Fund Installments of such Bonds during such Bond Year.

"Debt Service Reserve Requirement" means, as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Requirement for each Series of Bonds in the applicable Series Resolution; provided that: (i) a Series Resolution may provide that the Debt Service Reserve Requirement for the related Series of Bonds or Subseries thereof authorized thereunder may be funded, in whole or in part, through Cash Equivalents, and such method of funding shall be deemed to satisfy all provisions of the Bond Resolution with respect to the Debt Service Reserve Requirement, and (ii) a Series Resolution or Supplemental Resolution may provide for a reduction in the Debt Service Reserve Requirement, either as to a Series of Bonds or on an aggregate basis, provided that such reduction will not, in and of itself, result in a reduction of the rating of the Bonds as in effect immediately before any such reduction in the Debt Service Reserve Requirement and a Cash Flow Certificate taking such reduction into account is filed with the Trustee.

"Development" means any project, facility, undertaking or purpose which the Administration is authorized to undertake or finance pursuant to the Act as now or hereafter in effect, including, without limitation, any undertaking or project, or portion thereof, which is defined as a "community development project," a "public purpose project," an "energy conservation project," a "home improvement project," an "infrastructure project" or a "special housing facility" by the Act, and shall include, without limitation, single-family, multi-family and group housing.

"Deferred Income and Appreciation Bonds" means any non-current interest paying Bonds which, on a specified date, convert to current interest paying Bonds, as designated in the applicable Series Resolution.

"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.

"Fannie Mae" means the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et. seq.

"Federal 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.

"FHA" means the Federal Housing Administration or its successors.

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

"Four Week T-Bill Rate" means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address -http://www.federalreserve.gov/releases/h15/update/h15upd.htm.

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

"GNMA" means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

"GSE" means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

"Hedge Receipt" means, if and to the extent designated as such pursuant to the Series Resolution or Supplemental Resolution authorizing the related Qualified Hedge, the amount required to be paid to the Administration under a Qualified Hedge.

"Interest Requirement" means, as of any particular date of computation, the sum of the unpaid interest then past due, if any, plus the interest to become due on all Outstanding Bonds on the next Interest Payment Date (if such computation is made on an Interest Payment Date for one or more Series of Bonds before the interest then due on such Interest Payment Date is paid, such Interest Payment Date shall be treated as the next Interest Payment Date for such Series).

"Investment Obligations" shall mean any of the following which at the time are legal investments under the laws of the State for moneys held hereunder which are then proposed to be invested therein:

(1) direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(2) bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association; Government National Mortgage Association; Federal Financing Bank; Small Business Administration; or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(3) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, and temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(4) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any financial institution (including the Trustee or any other Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation, the proceeds of which insurance are timely available, or (ii) such financial institution has combined capital and surplus of at least $10,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clauses (1) through (3), inclusive, of this definition, or a combination thereof, or (iii) such financial institution has combined capital and surplus of at least $25,000,000;

(5) interest-bearing notes issued by a bank holding company having combined capital and surplus of at least $500,000,000 whose senior debt is rated in one of the two highest rating categories of Moody's or Standard & Poor's Corporation;

(6) contracts for the purchase and sale of obligations described in clauses (1) through (5) of this definition, provided that 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 (5) above to such contracts as security or reserve therefor in an amount at least equal to 100% of the face value of each such contract, such obligations shall be delivered to and held by a fiduciary during the term of such contracts; and

(7) any other investment now or hereafter a legal investment for funds of the Administration under the laws of the State.

"Letters of Credit" means, collectively, the irrevocable, standby letters of credit delivered by the certain of the Borrowers to the Trustee on the Release Date for the credit of the Series 2009 A-2/Series 2010 B Negative Arbitrage Account.

"LOC Expiration Date" means the respective stated maturity dates of the Letters of Credit.

"Loan" means: (1) a loan, made or purchased or otherwise financed by the Administration and evidenced by a promissory note, (2) a portion of, or participation in, a loan made or purchased or otherwise financed by the Administration and evidenced by a promissory note, provided, to the extent required by the Act, that such portion or participation is secured by a lien at least equal in priority to the lien securing any other portion of or participation in the loan made or purchased or otherwise financed from sources other than the proceeds of a Series of Bonds (or Subseries thereof), but need not be identical as to interest rate, time or rate of amortization or otherwise, and provided further, that any such portion or participation shall be governed by an agreement between the participants which gives the Administration authority to deal with the Loan as if it were owned solely by the Administration, or (3) a security, certificate or other evidence of 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.

"Mortgage" means a mortgage deed, deed of trust or other instrument securing a Loan.

"Operating Expenses" means the Administration's operating expenses and all other expenses of carrying out and administering its powers, duties and functions under the Program and the Bond Resolution, and shall include, without limiting the generality of the foregoing: (1) salaries, supplies, utilities, moving, labor, materials, office rent, maintenance, furnishings, equipment; (2) machinery, insurance premiums, legal, accounting, management, consulting, banking and trust services and expenses; (3) Costs of Issuance not paid from proceeds any Series of Bonds or Subseries thereof; and (4) payments for pension, retirement, health, hospitalization and other benefits.

"Outstanding" or "Bonds Outstanding" means all Bonds of a Series which have been delivered under the Bond Resolution, except:

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

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

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

"Parity Bonds" means Bonds which have a first priority pledge of, lien on, and security interest in, the trust estate established by the granting clauses of the Bond Resolution.

"Parity Hedge Obligation" means the Administration's obligation to pay any amount under any Qualified Hedge secured by a pledge of, and a lien on, Revenues on a parity with the lien securing the Parity Obligations. Parity Hedge Obligations do not include any payments of any termination fees (including Termination Payments) or other fees, expenses, indemnification or other similar obligations to a Party to a Qualified Hedge, which payments shall be Subordinate Contract Obligations.

"Parity Interest" means interest on Parity Bonds, those portions of Parity Reimbursement Obligations that are related to interest payments on Parity Principal, and Parity Hedge Obligations.

"Parity Obligations" means Parity Bonds and Parity Hedge Obligations.

"Parity Obligation Instrument" means an instrument or other contractual arrangement, including Bonds, evidencing the Administration's obligation to pay Parity Obligations.

"Parity Principal" means principal of Parity Bonds and those portions of Parity Reimbursement Obligations that are related to principal.

"Parties" or "Party" means any person(s), other than the Administration, that is a/are party(ies) to a Parity Obligation Instrument or Subordinate Contract Obligation other than Bonds.

"Permanent Rate" means an interest rate per annum equal to the sum of (i) 2.61% plus (ii) 60 basis points.

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

(1) Federal Obligations;

(2) Bonds, debentures, notes or other evidences of indebtedness issued by any federal agency, instrumentality or public corporation the obligations of which represent or are guaranteed by the full faith and credit of the United States of America, including (without limitation): Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, and U.S. Department of Housing & 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 ratings category which does not affect the then outstanding rating by Moody's on the Bonds and the comparable rating of any other Rating Agency on the Bonds;

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

(5) Commercial paper which, at the time of purchase, is rated in a ratings 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;

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

(7) Pre-Refunded Municipal Obligations which, at the time of purchase, are rated in a ratings 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) Investment agreements with any financial institution or other entity with debt rated, at the time of purchase, in a ratings 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) Contracts for the purchase and sale of obligations described in clauses (1) through (7) of this definition, provided that: (i) if the parties with which such contracts are made are not members of the Federal Reserve System or if such parties (including members of the Federal Reserve System) are not required to set aside and otherwise identify obligations described in clauses (1) through (7) above to such contracts as security or reserve therefor, such obligations shall be delivered to and held by a fiduciary during the term of such contracts, (ii) such obligations shall 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;

(10) Investments in any mutual fund the portfolio of which is limited to Permitted Investments, 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 Federal Obligations, then such fund shall constitute "Federal Obligations" for the purposes of the Bond Resolution); and

(11) Any investments authorized in a Series Resolution authorizing the issuance of Bonds.

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 shall be without regard to any refinement or gradation such as "+" or"-."

The definition of Permitted Investments 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;

"Permitted Mortgage Loans" means (i) loans insured by FHA, including loans under the FHA Risk-Sharing Program, (ii) loans guaranteed by GNMA, (iii) loans guaranteed by either GSE, and (iv) loans originated pursuant to underwriting criteria agreed to by the GSEs (which criteria are provided by the GSEs in writing for use in connection with the Program Bonds) which are either newly originated or refinanced as part of a refunding of variable rate debt of the Administration issued on or before October 19, 2009, which debt was issued to acquire and finance the holding of multifamily loans described in (i)-(iv) above on or after October 19, 2004, so long as all such loans are eligible to be financed on a tax-exempt basis under applicable federal income tax law.

"Prepayment" means any money received from a payment of principal on a Loan in excess of the scheduled payments of principal then due or from the sale, assignment or other disposition of a Loan.

"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 Federal Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Principal" or "principal" means: (i) as such term references the principal amount of any Capital Appreciation Bonds or Deferred Income and Appreciation Bonds, the Accreted Amount thereof (the excess of the stated maturity amount of a Capital Appreciation Bond or Deferred Income and Appreciation Bond above the Accreted Amount thereof being deemed unearned interest on such Bond), except as used in the Bond Resolution or the Series Resolution in connection with the authorization and issuance of Bonds and in the order of priority of payments on Bonds after default, in which cases the term "principal" shall mean the initial principal amount of a Capital Appreciation Bond or Deferred Income and Appreciation Bond, and the difference between the Accreted Amount of such Capital Appreciation

Bond or Deferred Income and Appreciation Bond and the initial principal amount thereof shall be deemed to be interest, and (ii) as such term references the principal amount of any other Bond, the principal amount at maturity of such Bond.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Bond Resolution of Sinking Fund Installments payable before such future date plus (ii) the unsatisfied balance of any Sinking Fund Installments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Installments in a principal amount equal to said unsatisfied balance.

"Qualified Hedge" means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Administration with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into; (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to a principal amount, or a notional principal amount relating to all or a portion of the principal amount, of any related Series of Bonds or Subseries thereof or Loans as set forth in the authorizing Series Resolution or Supplemental Resolution); asset, index, price or market-linked related transaction or agreement; other interest rate exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto; or any similar arrangement; (iii) which is executed by the Administration for the purpose of debt management, including managing interest rate fluctuations on Bonds and/or Loans, but not for purposes of speculation, after the Administration has analyzed applicable risks and benefits of the Qualified Hedge; and (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge.

"Qualified Hedge Provider" means an entity that each Rating Agency has confirmed would not result in a negative impact on the then-current rating of the Bonds.

"Rating Agency" means Moody's Investors Service ("Moody's), so long as Moody's maintains a rating on the Bonds, and any nationally recognized rating agency then rating the Bonds at the request of the Administration.

"Recovery Payment" means any money representing principal of a Loan and any premium or penalty with respect thereto received or recovered by the Administration, in excess of any expenses necessarily incurred by the Administration in collection thereof, from (i) the sale or other disposition of a Development, (ii) Prepayments, (iii) condemnation of a Development or part thereof, to the extent not needed to improve or repair the Development, (iv) other proceedings taken in the event of default by the Borrower, (v) the sale or other disposition of a Loan and Mortgage in default for the purpose of realizing on the mortgagee's interest therein, (vi) to the extent not needed to improve or repair the Development, hazard insurance, or (vii) the payment of principal of a Loan by a Credit Enhancer as a result of any of the events described in the preceding clauses (ii) through (vi) with respect to a Loan subject to Credit Enhancement.

"Redemption Price" means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"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.

"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 (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 subject to the lien of the Bond Resolution, and Hedge Receipts and Termination Payments but not including Recovery Payments, Escrow Payments, Service Charges or Acquired Development Receipts, 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 Developments financed by Loans, or financing, commitment or similar fees or charges of the Administration at or prior to the time of making, purchasing or otherwise financing a Loan. Any arbitrage rebate payable to the United States are not Revenues and are not subject to the lien of the Bond Resolution.

"Review Committee" means the Department's Housing Finance Review Committee established by the Act. Further information about the Review Committee is set forth in APPENDIX B - "THE DEPARTMENT AND THE ADMINISTRATION - General Information."

"Series 2009 A-2/Series 2010 B Negative Arbitrage Account" means the account by that name established pursuant to the 2009 B Series Resolution.

"Servicer" means the Administration or any other public or private institution (including the Trustee) with which the Administration shall execute a contractual agreement for the servicing of a Loan, including the collection and deposit of payments and proper application of Escrow Payments.

"Short-Term Rate" means, from the Release Date to the Conversion Date, an interest rate equal to the sum of 60 basis points plus the lesser of (A) the Four Week T-Bill Rate as of the second Business Day prior to the Release Date or (B) the Permanent Rate.

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

"Subordinate Contract Obligation" means (a) any payment obligation of the Administration (other than a payment obligation constituting a Parity Obligation) arising under any Qualified Hedge, or portion of a Qualified Hedge, which has been designated as constituting a "Subordinate Contract Obligation" pursuant to the Series Resolution or Supplemental Resolution authorizing such Qualified Hedge and (b) any other contract, agreement or other obligation authorized by a Series Resolution or Supplemental Resolution and designated as constituting a "Subordinate Contract Obligation" in such authorizing Series Resolution or Supplemental Resolution. Each Subordinate Contract Obligation shall be payable from Revenues subject and subordinate to the payments to be made with respect to the Parity Obligations, and shall be secured by a lien on and pledge of Revenues junior and inferior to the lien on and pledge of the Revenues herein created for the payment of the Parity Obligations.

"Subseries" means a portion of a Series of Bonds as specified in the Supplemental Resolution authorizing the issuance of such Series of Bonds.

"Substitute Letter of Credit" means, any extension or renewal of or letter of credit delivered by certain of the Borrowers to the Trustee in replacement of, any of the Letters of Credit prior to the stated maturity or termination thereof, (i) issued by any financial institution or other entity with a long term debt rating of "A1" and a short term debt rating of "P1," provided that if the institution or other entity has no short term debt rating, then such institution or other entity shall have a long term debt rating of "Aa3," and (ii) which will not cause the rating on the Series 2009 A-2 Bonds or the Series 2010 B Bonds to be withdrawn, reduced or suspended, pursuant to the written confirmation by the Rating Agency whose rating is then in effect.

"Termination Payment" means, with respect to a Qualified Hedge, an amount required to be paid by the Administration to a Qualified Hedge Provider as a result of the termination of the related Qualified Hedge or required to be paid by the Administration into a collateral account as a source of payment of any termination payments, provided that Termination Payments shall always be Subordinate Contract Obligations.

"Termination Receipt" means an amount required to be paid to the Administration under a Qualified Hedge by the Qualified Hedge Provider as a result of the termination of such a Qualified Hedge.

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APPENDIX B

THE DEPARTMENT AND THE ADMINISTRATION

General Information

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

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, the Administration and MHF is included at the end of this Appendix.

The Division of Development Finance is the lending and bond issuing division of the Department, originating loans under the Department's various lending programs and providing underwriting services for loans to the Department and its other divisions and agencies. The Administration is a unit within the Division of Development Finance.

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

The Division of Credit Assurance, the insuring division of the Department, provides certain asset management, monitoring and workout related services to the Department and its divisions and agencies, including the Administration. MHF is a unit in the Department assigned to the Division of Credit Assurance. Certain additional information about MHF is set forth in APPENDIX E - "MORTGAGE INSURANCE PROGRAMS - THE MHF INSURANCE PROGRAM."

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 established a Revenue Bond Advisory Board (the "Board"). The Board provides independent advice and expertise to the Department with respect to issuance of revenue bonds, including the Bonds. The Board consists of seven members appointed by the Secretary, including the Deputy Secretary (who chairs the Board), one other representative of the Department, two representatives of other agencies of State government (one from an agency which issues revenue bonds), one representative of the State Treasurer's Office, and two members of the public. The Board reviews and makes recommendations to the Secretary with respect to each issuance of bonds. The Secretary has the final authority to approve each issuance after receipt of the Board's recommendation. When urgent action is required, the Secretary may approve an issuance of bonds without action by the Board or may vary the terms of the Board's recommendation. In addition, the Board advises the Department on procedures for issuing bonds and on selection and performance of financial advisors, underwriters, and accountants.

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

The office of the Administration is located at 100 Community Place, Crownsville, Maryland 21032. Inquiries for documents or concerning this Official Statement should be directed to Investor Relations at (410) 514-7326 or 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 a MBA 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 B.S. degree in accounting from Towson University in 1980 and received his M.B.A. 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 Adviser assisting the Community Development office on housing and housing related projects.

William F. Ariano, Jr. was appointed by the Secretary with the approval of the Governor effective July 5, 2007, as Deputy Director of the 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 an MBA degree from Loyola University (Baltimore).

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

Senior Staff of the Administration

Senior staff members of the Administration are as follows:

Name	Position
Tonna Phelps	Director, Single Family Housing
Patricia Rynn Sylvester	Director, Multi-Family Programs
Susan Traylor	Director, Division of Finance and Administration
Brian A. Synowiec	Director, CDA Finance

As of November 2, 2009, the staff of the Administration consists of approximately 129 positions and an additional 16 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, 66 are involved in Housing Development Programs in a professional or technical capacity. Certain information relating to the senior staff who have primary responsibilities for finance and housing development programs is briefly described below.

Tonna Phelps was appointed Director of Single Family Housing, effective January 13, 2003. Ms. Phelps has been with the Administration since 1977. For the ten years preceding her appointment as 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 B.S. in Business Administration from the University of Baltimore.

Patricia Rynn Sylvester, Director, Multi-Family Family Housing has been with the Department since October 1997. She served as Deputy Director of Multi-Family 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 J.D. from the University of Maryland Law School and a B.A. from Johns Hopkins University.

Susan Traylor, Director of the Division of Finance and Administration, has been with the Department since 1998, when she joined as Director of Accounting. Since 2001, she has been the Deputy Director of Finance and Administration. Prior to joining State service, she was the Chief Financial Officer of Macmillan Publishing and the Official Airlines Group. Previously, she held various financial positions with the Maxwell Communications Group and Exxon Corporation. She holds a B.A. in Economics from Western Maryland College and an M.S. in Industrial Administration from Carnegie-Mellon University.

Brian A. Synowiec was appointed Director of CDA Finance, effective April 7, 2009, having served as Acting Director since November 2008. Mr. Synowiec served as Deputy Director, CDA Finance since 2006 and prior to that as a financial analyst with the Department. Prior to joining the Department, Mr. Synowiec worked in various financial management and investment banking capacities. Mr. Synowiec holds a B.S. in Business Administration from Salisbury University. Mr. Synowiec has been with the Administration since August, 2004.

Other Housing Programs of the Department

In addition to the Program which is financed with the proceeds of the Bonds (see APPENDIX C - "THE PROGRAM"), the staff of the Administration is also responsible for a broad range of housing and other 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 pay principal of or interest on the Bonds. However, the executive officers of the Department and the Administration and certain senior staff members who are responsible for the Program also are responsible for the Department's other programs; therefore, under certain circumstances these other programs may compete with the Program for administrative and policy priority.

Single Family Housing. Single Family Programs include the Department's Homeownership Programs and Special Loan Programs. The Administration's Single Family Program staff operates the Department's Homeownership Programs that are funded with State appropriations. These programs, which may or may not be funded at varying levels from year to year, currently provide low-interest mortgages to low- and moderate-income home buyers. 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.

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 low-income homeowners. These programs also provide loans to nonprofit organizations and individuals to purchase or construct Group Homes. Group Homes may be funded with state appropriations and from Bonds issued under the Bond Resolution.

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

The Administration's multi-family 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. 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. The program is administered through local governments, and provides fixed monthly rental assistance payments 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.

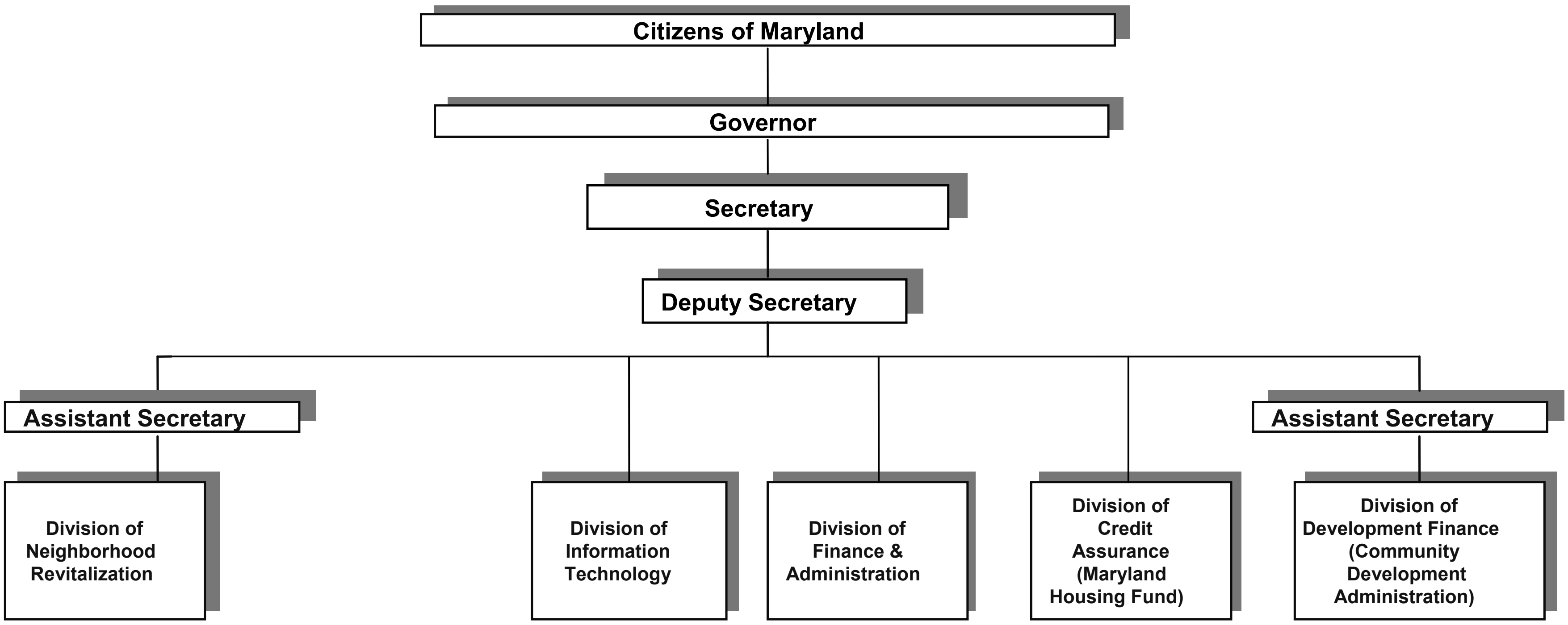
In addition, the Department was selected by HUD as the Contract Administrator for Project-Based Section 8 Housing Assistance Payment ("HAP") Contracts for the State of Maryland. As Contract Administrator, the Department makes payments to property owners under the terms of the HAP Contracts and HUD regulations and requirements.

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. 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.

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APPENDIX C

THE PROGRAM

Since 1974, the Administration has financed loans for the purpose of providing construction and permanent financing of rental housing developments for persons or families of limited incomes. The financing of rental housing pursuant to the Bond Resolution will be the primary activity of the Program. The Program will be similar in structure and operation to the Administration's Housing Revenue Bond Program, which is financed pursuant to the Resolution Providing for the Issuance of Housing Revenue Bonds of the Community Development Administration Maryland Department of Housing and Community Development adopted November 1, 1996, as amended and restated on July 1, 2006 (the "Housing Revenue Bond Resolution"). The Housing Revenue Bond Program and other programs of the Administration not financed pursuant to the Bond Resolution are described under APPENDIX B - "THE DEPARTMENT AND THE ADMINISTRATION - Other Housing Programs of the Department."

Loan(s)To Be Acquired with Proceeds of Series Bonds

The proceeds of the Series Bonds will be used to finance the Series 2010 B/2009 A-2 Loans. See "INTRODUCTION - Use of Proceeds of Series Bonds." The Administration may issue additional Bonds from time to time to finance additional Loans.

Description of Types of Loans Under the Program

Rental Housing. Under its rental housing program, the Administration makes Loans or purchases Guaranteed Securities (1) to provide financing for acquisition, rehabilitation, or construction of rental housing Developments, and (2) to provide permanent financing of rental housing Developments.

Loan Underwriting and Processing

Loans generally will be underwritten, processed and closed in accordance with the procedures governing FHA Loans and Guaranteed Securities.

Loan Provisions

The Bond Resolution requires that each Loan shall conform to the following terms, conditions, provisions and limitations, except to the extent, if any, that a variance therefrom is either pursuant to Credit Enhancement of such Loan or, if the Loan is not Credit Enhanced, required or permitted by the Administration:

Code Requirements. If the Loan is to be funded with the proceeds of Tax-Exempt Bonds, the proceeds of the Loan must be expended solely for payment of costs of a Development, subject, as applicable, to the requirements of Section 103(b)(4)(A) of the 1954 Code, Sections 142(d) or 145 of the 1986 Code, or any other provision of the Code.

Mortgage Lien. If the Loan is secured by a Mortgage, the Mortgage and complementary financing statements, if required by the Administration or any Credit Enhancer, shall be executed, recorded and filed in accordance with law, so as to create and constitute a valid mortgage lien on the real property and improvements constituting the Development for which the Loan is made. Such real property and improvements may be held either as a fee simple or a leasehold interest. **The Bond Resolution does not require that each Loan be secured by a Mortgage.**

Title Insurance. The Administration, or the Trustee if the Administration is the Borrower, shall receive evidence of a mortgagee's title insurance policy insuring that the Mortgage is a lien on the Development financed by the Loan (which lien may be subject to prior liens), subject to liens for taxes and assessments and such other liens, encumbrances, reservations and imperfections of title as, in the judgment of the Administration, do not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Administration, have been taken to secure the interest of the Administration or the Trustee. **The Bond Resolution does not require that the lien of each Loan secured by a Mortgage be a first or prior lien superior to any other mortgage or other liens.**

Insurance Coverage. The Administration, or the Trustee if the Administration is the Borrower, shall receive evidence that the Development is insured against loss from fire, casualty and other hazards as the Administration may require.

Credit Enhancement. All or a portion of the Loan may be (but, except any Loan financed with proceeds of Program Bonds, is not required to be) credit enhanced in accordance with the provisions therefor set forth in the Series Resolution authorizing a particular Series of Bonds.

Loan Terms. The Loan shall be in an amount, bear interest at a rate, and amortize over such term, all as provided for such Loan in the most recent Cash Flow Statement (which terms may not be varied by the Administration unless such variance is in accordance with the requirements or assumptions for such Loan as set forth in the most recent Cash Flow Statement).

Prepayment. The Administration may, but is not required to, include in each Loan a provision prohibiting the Borrower from prepaying a Loan for a period at least equal to the period during which the Series of Bonds financing such Loan are not subject to optional redemption without the consent of the Administration and the mortgage insurer or Credit Enhancer of the Loan. **Under certain circumstances involving defaulted Loans, FHA may direct the prepayment of the defaulted Loan in order to avoid a mortgage insurance claim.** See APPENDIX G - "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

Developments may have subordinate financing from other programs of the Administration, the federal government or other public or private lenders.

Reserve Fund for Replacements. Under the regulatory agreements for the Rental Housing Loans, each Borrower must deposit a specified monthly amount into a reserve for replacements to fund improvements or repairs to the Development. The Administration's current policy provides that the minimum annual amount to be deposited into reserve for replacements will be $250 per unit for new construction and substantial rehabilitation projects and $300 per unit for moderate rehabilitation projects plus any additional amount required by an engineer's report. The amount required to be deposited into reserve for replacements may be more or less than the amount specified above, as agreed to by the Borrower, the Administration, and MHF, Fannie Mae or FHA, as may be applicable. For FHA Loans, the minimum annual amount to be deposited in the reserve for replacements for new construction projects is 6/10 of 1% of the construction costs of the structures and for substantial rehabilitation projects 4/10 of 1% of the mortgage amount. For Fannie Mae Enhanced Loans, a reserve for replacement deposits may be determined monthly on a project-by-project basis based on the underwriting of the loan.

Asset Management

Asset management for Developments is provided to the Administration by the Asset Management division of the Division of Credit Assurance ("Asset Management").

With respect to each Development, Asset Management:

(1) conducts a pre-occupancy review and conference with each owner to establish reporting requirements and procedures;

(2) performs an annual physical inspection and on-site management review, including verification of compliance with income restrictions concerning tenants;

(3) annually reviews audited financial statements and escrow levels;

(4) reviews operating statements for each Development on a monthly or quarterly basis;

(5) monitors the status of letters of credit, guarantees, and reserves, including reserves for replacement;

(6) reviews and acts upon requests for rent increases, changes in developer return on equity, and disbursements from reserves;

(7) analyzes delinquencies and creates and implements corrective action plans; and

(8) makes recommendations to the Secretary and implements Departmental decisions on disposition, workout or foreclosure plans.

Asset Management maintains an advisory watch list in order to identify Developments facing potential financial difficulties at an early stage. Regular meetings are held with management of each Development on the advisory watch list in order to develop and implement corrective action.

Income Limits

Department Policy. During the term of a Loan or Guaranteed Security, the Act requires that a Development satisfy the requirements of a "community development project" or a "public purpose project," both as defined in the Act. For a community development project, at least 51% of the units in a Development be occupied or held available for occupancy by persons or families of limited incomes. The Secretary establishes income limits from time to time by written determination after taking into consideration factors including (1) the amount of total income of such families available for housing needs, (2) the size of the family, (3) the cost and condition of housing facilities available, (4) the ability of such families to compete successfully in the normal private housing market, and (5) standards and definitions established for pertinent federal housing programs. Units restricted pursuant to federal law (as described below) count towards meeting the restrictions imposed by the Secretary pursuant to the Act. The difference between the percentage of federally restricted units and the percentage restricted under the Act (51%) are restricted to the State's income limits set forth in the Secretary's determination (for example, if 20% of the units are federally restricted, then 31% of the units are subject to the state limits). The current Secretary's determination establishes the following income limits (subject to certain exceptions): (1) for one person, 68% of the greater of area or statewide median income for four person households as established by HUD and (2) for two or more persons, 85% of the greater of area or statewide median income for four person households as established by HUD. The maximum income limits under this determination for one person households currently range from $64,260 in the Washington, D.C. metropolitan statistical area and $53,788 in all other areas of the state; and for two or more person-households from $80,235 in the Washington, D.C. metropolitan statistical area and $67,235 in all other areas of the state. HUD promulgates revised median income figures from time to time; it is anticipated that the limits described might be modified when HUD announces revised figures. For a public purpose project, all or part of the housing portion of a Development must be occupied by families of limited income and the Development must satisfy the low income set-aside requirements of federal law, as described below.

Federal Tax Law. In addition to the requirements of the Act and the occupancy requirements of the preceding paragraph, all Developments containing rental housing units financed or expected to be financed with the proceeds of Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes are required to meet certain requirements set forth in Section 142(d)(1) of the 1986 Code, or Section 103(b)(4)(A) of the 1954 Code, as applicable. Developments financed with the proceeds of Bonds are also subject to income, occupancy and other like restrictions under the Program, other State financing programs and in connection with the allowance of tax credits under Section 42 of the 1986 Code.

Certain Developments financed with the proceeds of Bonds may receive subsidy payments under Section 8, and thus will be subject to income limit restrictions which may be in addition to those required by the Act, the 1986 Code or the 1954 Code. More detailed information on the Section 8 Program can be found in APPENDIX F - "FEDERAL HOUSING SUBSIDY PROGRAMS."

Factors Affecting the Mortgage Loans

Any mortgage financing has certain inherent risks.

Assumptions. In estimating the amounts of moneys available to pay principal of and interest on the Bonds, a number of assumptions are made, including the assumptions that (1) payments of principal of and interest on the Mortgage Loans and Guaranteed Securities will be available on a timely basis, (2) no significant Prepayments or Recovery Payments of Loans and Guaranteed Securities will be made from casualty insurance or condemnation proceeds or otherwise, which result in the Administration's having to redeem Bonds, since such proceeds may not be sufficient to pay the principal amount of Bonds allocable to such Loans and Guaranteed Securities, (3) working capital and construction completion assurances will be adequate, (4) cost overruns, if any, will be adequately financed with contingency allowances, if any, established for such purpose or with other moneys of the Borrowers or the Administration including, if necessary, the proceeds of additional Bonds, and (5) the Developments financed with the proceeds of the Bonds will be completed and rented substantially in accordance with their respective construction and rent-up schedules and will achieve the projected rent levels. No assurance can be given that actual receipts will correspond with estimated revenues.

General Factors. The ability of the Borrowers to make the required payments on the Loans is affected by a variety of factors, including (1) the achievement and maintenance of a sufficient level of occupancy, (2) sound management of the Developments, (3) timely receipt of Section 8 housing assistance payments (see "*Rent Subsidies*" under this heading) or governmental subsidies for Developments receiving such payments, (4) increases in rents to cover increases in operating expenses, including taxes, utility rates and maintenance costs and changes in applicable laws and governmental regulations, and (5) for Developments containing rental units which are not all the subject of subsidy payments under Section 8, the ability to charge sufficient rents on the unrestricted units so that the rents on the restricted units will be at a level which is affordable by persons and families of limited income as established by the Secretary (including persons and families of the applicable incomes as required by Section 142(d)(1) of the 1986 Code or Section 103(b)(4)(A) of the 1954 Code, as applicable, or as further limited by the Secretary).

Certain Developments containing rental housing units which are expected to operate at a loss during the initial years following rent-up will be required to establish escrows and to pledge certain funds to be received in the future which may have included a portion of the proceeds of the syndication of the equity interest in such Developments. The Administration relies upon the receipt of pledged funds in determining the feasibility of such Developments. Although the Administration conducts its own feasibility studies for Developments financed with Loans insured by MHF, the Administration substantially relies upon FHA for the determination of the feasibility of the Developments financed with Loans insured by FHA, including the acceptability of the sites and recognition of specific market needs.

No Cross Default Provisions. If one or more Borrowers fail to make timely payment on their respective Loans, sufficient moneys may not be available to pay principal of and interest on the Bonds. The failure of a Borrower to make timely payment on its Loan or the occurrence of an event of default with respect to a Loan will not constitute a default with respect to any other Loan. Similarly, the occurrence of an Event of Default under the Bond Resolution will not, of itself, constitute an event of default with respect to any Loan. Under such circumstances, neither the Administration nor the Trustee has the right to demand payment of or to accelerate payment of any Loan not in default.

Rent Subsidies. The ability of the Administration to pay the principal of and interest on the Bonds will be dependent in part upon the timely receipt of Section 8 housing assistance payments for Developments entitled to such payments. If (1) operating costs increase substantially where HUD has not permitted corresponding increases in rent levels or Section 8 housing assistance payments on a timely basis, (2) tenants are unable to pay increased tenant rental charges which are approved by HUD, (3) substantial reductions occur in occupancy, or (4) there is a reduction, loss or termination of Section 8 housing assistance payments or governmental subsidies, there may be a likelihood of a default in one or more of the Loans, assignment of such Loans to FHA or MHF, and redemption of a portion of the Bonds.

In addition, the term of a Loan may exceed the maximum term of the contract for payments under Section 8. If at the end of the term of the contract for payments under Section 8 (or HUD does not extend the term of such contract) the owner is unable to lease units in the Development at rentals which produce revenues equivalent to those which would have been received if the term of the contract had been extended, there may be insufficient revenues to pay the principal of and interest on a Loan, causing a default, assignment to FHA or MHF and the redemption of a portion of the Bonds. Additional factors relating to the Section 8 Program are described in APPENDIX F. **See also additional information relating to recent developments affecting the Section 8 Program under the heading "FEDERAL HOUSING SUBSIDY PROGRAMS - The Section 8 Program - *Expiring HAP Contracts*" in APPENDIX F.**

Nonrecourse Loans. Generally, Loans will be made without recourse to the Borrower or its partners. The Administration may require personal guaranties from the partners or other principals of the Borrower in connection with any construction work to be performed on a Development. Following successful completion of such work, however, neither the Borrower nor its partners is personally liable for payments on the note evidencing the Loan. Therefore, the Administration's recourse is limited to its lien on the Development.

Exercise of Legal Remedies. The ability of the Administration, the Department or any mortgage insurer or Credit Enhancer to enforce its rights or exercise its remedies upon default under a Loan is dependent upon regulatory and judicial actions, which may be subject to discretion and delay. Under existing law and judicial decisions (including laws relating to bankruptcy), the remedies provided for under the Loan documents may not be readily available or may be limited. The Administration's interest, however, is protected to the extent of the available Credit Enhancement.

Environmental Factors. Currently, a "Phase I" environmental survey is required for Developments financed with the proceeds of Loans, and the Administration reviews these surveys to the extent that other lenders do not in order to determine whether hazardous or toxic wastes exist on the property where a Development will be located. Because the practice of obtaining Phase I environmental surveys as a condition to financing has not always been industry practice, many Loans may lack such surveys. In the event of a default under a Loan, it is the practice of the Administration to undertake such a survey prior to taking possession of a defaulted Development. If problems are identified, the Administration may decline to take possession of a defaulted Development due to potential costs to remedy or correct any identified problems, which costs can be significant. Furthermore, it is uncertain whether a mortgage insurer would pay a claim under such circumstances. In the Administration's experience, the most common environmental problems with Developments involve the presence of lead based paint and asbestos.

Geographic Factors. Loans financed under the Program are located throughout the State. The ability of a Development to generate sufficient rents to make Loan payments will be dependent, in part, on both local and statewide economic conditions, including employment levels of local industries and businesses. In addition, the ability of a Development to generate rents sufficient to pay debt service will be affected by general rent levels for similar competing developments, location of the Development, competing multi-family rental developments, amenities offered by the Development as compared with competing developments, and the need for routine or extraordinary repairs and maintenance of the Development. The continued feasibility of each Development may depend in part upon its neighborhood. Adverse changes may occur from time to time in neighborhoods, and if such changes occur, the occupancy level of affected Developments may be reduced.

APPENDIX D

DESCRIPTION OF LOANS AND DEVELOPMENTS

Table D-1: Loan(s) Expected to be Financed with the Proceeds of the Series Bonds:

Name	Location	Owner	No. of Units	Credit Enhancement	Subsidy	Number of Subsidized Units	Term of Permanent Mortgage Loan (Years)	Interest Rate(s)	Expected Date of Construction Completion	Mortgage Loan Amount
Bay Ridge Gardens	Anne Arundel County	BRG 2, LLC[(1)]	198	FHA Risk-Sharing Program	Section 8	198	39 years, 5 months	4.55%	February 1, 2012	$16,245,000
Rainier Manor	Prince George's County	Rainier Redevelopement Associates, LP[(2)]	100	FHA Risk-Sharing Program	N/A	N/A	39 years, 5 months	4.55%	February 1, 2012	$6,500,000

[(1)] On the Delivery Date, BRG 2, LLC will deliver an irrevocable, standby letter of credit issued by PNC Bank, National Association, permitting draws thereunder by the Trustee in the amount of $515,800 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization of the Loan made by the Administration to BRG 2, LLC.

[(2)] On the Delivery Date, Rainier Redevelopment Associates, LP will deliver an irrevocable, standby letter of credit issued by Bank of America, N.A., permitting draws thereunder by the Trustee in the amount of $175,000 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization of the Loan made by the Administration to Rainier Redevelopment Associates, LP.

Table D-2: Loans Financed with Proceeds of Previously Issued Multi-Family Mortgage Revenue Bonds (as of September 1, 2010):

Name	Location	Owner	No. of Units	Credit Enhancement	Subsidy	No. of Subsidized Units	Total Subsidy Term	Term of Permanent Mortgage Loan (Years)	Interest Rate(s)	Mortgage Loan Amount	Bond Series
Silverwood Apartments	Prince Frederick, Calvert County	Silverwood Apartments, LLC[(1)]	180	FHA Risk-Sharing	N/A	N/A	N/A	40	4.55%	$12,545,000	Series 2010 A Series 2009 A-1
Indian Bridge Apartments	Lexington Park, St. Mary's County	Indian Bridge LLC[(2)]	112[(3)]	FHA Risk-Sharing	N/A	N/A	N/A	40	4.55%	$7,100,000	Series 2010 A Series 2009 A-1
La Plata Manor	La Plata, Charles County	Victory La Plata Limited Partnership[(4)]	101[(3)]	FHA Risk-Sharing	Section 8	100	20 years	40	4.55%	$7,345,000	Series 2010 A Series 2009 A-1
Park View at Columbia	Columbia, Howard County	Columbia LLLP[(5)]	104	FHA Risk-Sharing	N/A	N/A	N/A	40	4.55%	$4,910,000	Series 2010 A Series 2009 A-1
Total[(6)]			497			100				$31,900,000	

(1) On the date of delivery of the Bonds that financed Silverwood Apartments, Silverwood Apartments, LLC delivered an irrevocable, standby letter of credit issued by Bank of America, N.A., permitting draws thereunder by the Trustee in the amount of $19,115.00 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization of the Loan made by the Administration to Silverwood Apartments, LLC.

(2) On the day after the date of delivery of the Bonds that financed the Indian Bridge Apartments Development (the "Indian Bridge Development"), Four Rivers Community Loan Fund, Inc., a Maryland corporation ("Four Rivers") and the prior owner of the Indian Bridge Development, transferred all of its right, title and interest in and to the Indian Bridge Development to Indian Bridge LLC, a Maryland limited liability company ("Indian Bridge"). Indian Bridge assumed all obligations of Four Rivers under the loan (the "Indian Bridge Loan") made by the Administration to Four Rivers for purposes of financing the Indian Bridge Development. Indian Bridge assumed the Indian Bridge Loan without recourse.

(3) Includes one manager's unit.

(4) On the date of delivery of the Bonds that financed La Plata Manor, Victory La Plata Limited Partnership delivered an irrevocable, standby letter of credit issued by Bank of America, N.A., permitting draws thereunder by the Trustee in the amount of $51,512.00 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization of the Loan made by the Administration to Victory La Plata Limited Partnership.

(5) On the date of delivery of the Bonds that financed Park View at Columbia, Columbia LLLP delivered an irrevocable, standby letter of credit issued by PNC Bank, National Association permitting draws thereunder by the Trustee in the amount of $108,053.00 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Series Bonds on any Interest Payment Date prior to commencement of principal amortization of the Loan made by the Administration to Columbia LLLP.

(6) Amounts an d percentages may not total exactly due to rounding.

Table D-3: Non-parity Loans Financed or Expected to be Financed with Proceeds of Multi-Family Mortgage Revenue Bonds:

Name	Owner	Mortgage Loan Amount	Bond Series
Poppleton Apartments II	Poppleton Partners II, L.P.	$9,515,000	Series 2009 A-3 & Series 2010 C

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APPENDIX E

MORTGAGE INSURANCE PROGRAMS

THE FHA INSURANCE PROGRAM – THE FHA RISK-SHARING PROGRAM

The following is a brief description of the multi-family mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended, (the "Risk-Sharing Act") of Title II of the National Housing Act, as amended, and is qualified in its entirety by reference to the National Housing Act and the Risk-Sharing Act and the regulations thereunder.

The Risk-Sharing Act authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Housing Act. The FHA Risk-Sharing Program established by the Risk-Sharing Act allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, including reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect. The FHA Risk-Sharing Program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA.

This mortgage insurance program requires that an interested HFA first be approved as a qualified HFA. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement with the Commissioner of FHA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA's standards and procedures for underwriting and servicing loans and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the FHA Risk-Sharing Program include new construction projects, substantial rehabilitation projects, acquisition of existing projects, projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program. Risk-sharing projects must constitute "affordable housing," which means that either 20% or more of the units are rent-restricted (as defined below) and occupied by families whose income is 50% or less of the area median income as determined by HUD, with adjustments to income based on household size, or that 40% or more of the units are rent-restricted and occupied by families whose income is 60 percent or less of the area median income as determined by HUD, with adjustments to income based on household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30% of the income limitation applicable to the unit as published from time to time by HUD.

The Administration entered into a risk-sharing agreement with HUD dated as of November 30, 1994 (the "Risk-Sharing Agreement") which sets out the terms for the Administration's participation in the FHA Risk-Sharing Program. The Administration has a "Level I" approval under the regulations which means it may elect to reimburse HUD for between 50% and 90% (in increments of 10%) of any losses incurred as a result of a default under a loan. Level I approval permits the Administration to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans without further review by HUD. The Administration also has a "Level II" approval which means it may insure either 10% or 25% of any losses on the mortgage loan (based on certain loan-to-value criteria). In the event of a loan default, the Risk-Sharing Agreement requires the Administration to share with HUD in any loss arising as a consequence of the loan default.

The Administration will authorize the use of the FHA Risk-Sharing Program in connection with new Loans financed by Bonds on a case-by-case basis. In such cases, MHF is expected to reimburse the Administration for the Administration's share of any loss.

The FHA Risk-Sharing Program regulations require that the Administration establish a dedicated account at a financial institution acceptable to HUD in the initial amount of $500,000. This account, with a current balance of $819,107, has been established by restricting such amount in the Administration's General Bond Reserve Fund for such purpose. HUD may make withdrawals from this account for the purpose of meeting the Administration's obligations under the program and the Risk-Sharing Agreement. HUD no longer requires deposits into this reserve for new Risk-Sharing Loans due to the Administration's more recent credit rating.

FHA Insurance under the FHA Risk-Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (1) the corresponding mortgage is paid in full; (2) the Administration acquires mortgaged property and notifies the Commissioner that it will not file an insurance claim; (3) a party other than the Administration acquires property at a foreclosure sale; (4) the Administration notifies the Commissioner of a voluntary termination; (5) the Administration or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (6) the receipt by the Commissioner of an application for final claims settlement by the Administration; or (7) the Administration acquires the mortgaged property and fails to make an initial claim.

During its participation in the program, the HFA must take responsibility for certain functions, including those relating to the Affirmative Fair Housing Marketing Plan, labor standards, insurance of advances, cost certification, and lead-based paint requirements. A mortgagor must certify to the HFA that it is in compliance with certain enumerated discrimination and civil rights statutes and executive orders. HUD has specifically retained certain functions, including monitoring compliance with the Davis-Bacon Act, environmental laws, enforcement of certain fair housing and equal opportunity laws and other program criteria. Certain HUD requirements may only be applicable when construction advances are insured.

Upon completion of construction, presentation of a closing docket, including an executed regulatory agreement between the HFA and the mortgagor, and certifications required by the Regulations, FHA issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Administration. Although the Administration has been given authority to approve cost certifications by a mortgagor, HUD has the authority, in its sole discretion, at any time prior to and including final endorsement, to adjust the amount of mortgage insurance.

The Regulations define an event of default under an FHA-insured mortgage as (1) a failure to make any payment due under the mortgage or (2) a failure to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage) if the mortgagee, because of such failure, has accelerated the debt. A mortgagee is entitled to receive the benefits of insurance after the mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Administration has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the

Administration must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Administration, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Administration certifies that the project owner is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days but not exceed 360 days from the date of default.

The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment. The mortgage note interest component of the initial claim amount is subject to curtailment as described below. HUD must make all claim payments in cash. The initial claim payment to the Administration is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. **The Administration must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms for the mortgages within 30 days of the initial claim payment**. Any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement. Within 30 days of the initial claim payment, the Administration must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the Administration's obligation to HUD under its Risk-Sharing Agreement.

In determining the mortgage note interest component of the initial claim amount, if the Administration fails to meet any of the requirements of the Regulations within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late. Losses sustained as a consequence of the sole negligence of the Administration will be the sole obligation of the Administration, notwithstanding the risk apportionment otherwise agreed to by HUD and the Administration.

When FHA pays a claim, the Risk-Sharing Agreement provides that the Administration will issue a debenture (each, a "Debenture") to HUD for the full amount of the claim, which shall be supported by the full faith and credit of the Administration. Each Debenture will have a term of five years, will bear interest at HUD's published debenture rate, and interest will be payable annually. The Risk-Sharing Act contemplates that during the five year term of each Debenture, the Administration would work toward curing the default, foreclosure or resale of the related development. Upon the due date of each Debenture, the total loss to be shared by the Administration and HUD shall be computed pursuant to the Risk-Sharing Agreement. As noted, MHF is expected to reimburse the Administration for its share of any loss.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed in lieu of foreclosure or (2) expiration of the term of the Debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the mortgage note and risk-sharing agreement.

Information on project management and servicing will be required after endorsement. Additionally, the HFA must submit semiannual reports, annual financial statements and must maintain its eligibility by continued compliance with the risk-sharing agreement, the regulatory agreement, and all the requirements for initial program eligibility.

THE MARYLAND HOUSING FUND

The Maryland Housing Fund ("MHF") was created in 1971 as a special insurance fund of the State of Maryland and is a unit of the Division of Credit Assurance of the Department (the "Division"). MHF is authorized to insure mortgage loans, including mortgage loans for multi-family developments financed by public agencies such as the Administration ("Multi-Family loans") and to provide primary and pool insurance for single family mortgage loans ("Single Family loans"). MHF insures against certain monetary losses incurred as a result of nonpayment of principal, interest or other sums agreed to be paid and certain other events of default under the terms of any insured mortgage loan but does not insure against property losses, including without limitation, title risk, risks of defective construction or casualty, or any other reduction in project value due to insurable risk or force majeure, casualty or title loss.

Staff

The Director of MHF is appointed by the Secretary of the Department and serves at the pleasure of the Secretary, with such authority as the Secretary determines to delegate to the Director. The Director also serves as the Director of the Division of Credit Assurance of the Department.

Financial operations for MHF have been centralized and are now within the Division of Finance and Administration for the Department.

Certain senior staff members of the Division of Credit Assurance, and the Division of Finance and Administration and MHF are as follows:

Name	Position
George Eaton	Director, Division of Credit Assurance and MHF
Norman Swoboda	Deputy Director, Division of Credit Assurance
Allen W. Cartwright, Jr.	Deputy Director, MHF and Director, Single Family Operations
Susan Traylor	Director, Division of Finance and Administration
Ruth Putnam	Director, MHF Finance and State Funded Loans
Bill Beans	Director, Multi-Family Operations

George Eaton was appointed Director of the Division of Credit Assurance and the Maryland Housing Fund as of March, 1999, having been Acting Director since December 1998. He has been with the Department since October 1995. He also served as Director of Multi-Family Operations from May to December 1998. From 1996 through April 1998, he was the Director for State Funded Loans for MHF. Before joining the Department, he worked for a national property management company as a District Manager, as Assistant Director at University of Maryland teaching hospital, and as Assistant Administrator of the Johns Hopkins University Hospital. He also holds an MA in Administration and has taught at several Maryland Community Colleges.

Norman Swoboda joined the staff of the Division of Credit Assurance as Deputy Director in September 2004. Prior to joining DCA, Mr. Swoboda was a Senior Finance Executive in the Division of Business Development, within the Department of Business and Economic Development. Prior to State service, Mr. Swoboda worked as a Senior Credit Analyst and Commercial Lender with the First National Bank of Maryland.

Allen W. Cartwright, Jr. joined the staff of the Division of Credit Assurance as the Deputy Director of MHF in March 2006. Mr. Cartwright also serves as Director, Single Family Operations. Mr. Cartwright previously served as MHF Manager of Finance from 1988 through 1991. Prior to rejoining the

Division of Credit Assurance in 2006, Mr. Cartwright was the Chief of Mission Support and then Chief of Customer Care for the Washington Suburban Sanitary Commission from April 2000 through November 2005. Mr. Cartwright also served as the Director of Finance and then the Assistant Secretary of Finance and Administration for the Maryland Department of Natural Resources from May 1991 through April 2000. He has worked as a finance manager for the Federal Home Loan Mortgage Corporation (Freddie Mac), MCI and DuPont. He is a Certified Public Accountant and earned his BS in Commerce from the McIntire School of Commerce at the University of Virginia.

Susan Traylor, Director of the Division of Finance and Administration since June, 2007. She has been with the Department since 1998, when she joined as Director of Accounting. Prior to joining State service, she was the Chief Financial Officer of Macmillan Publishing and the Official Airlines Group. Previously, she held various financial positions with the Maxwell Communications Group and Exxon Corporation. She holds a B.A. in Economics from Western Maryland College and an M.S. in Industrial Administration from Carnegie-Mellon University.

Ruth Putnam was named Deputy Director of Finance and Administration in 2008. She continues to act as the Director of MHF Finance and State Funded Loans, a position held since January 2001. She has been with the Department since 1990 serving as a Budget Analyst from 1990 through 1994, Budget Director from 1995 through 1998 and Director of Financial Planning and Review from 1999 through 2000. Prior to joining the Department, she worked as Manager of Investor Relations in a private corporation.

Bill Beans was named Director of Multi-Family Asset Management in November 2004. He has been with the Department since 1987 and has previously served as the Director of Homeownership Programs, Deputy Director of the Community Assistance Administration and Director of Single Family Asset Management. Prior to coming to the Department, Mr. Beans worked in various housing related positions for local governments in Maryland.

Additional Information

For additional information, please contact Investor Relations at (410) 514-7326 or cda_bonds@mdhousing.org.

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APPENDIX F

FEDERAL HOUSING SUBSIDY PROGRAMS

Section 8 Program

General. The following is a brief description of the housing assistance payments program for new construction and substantial rehabilitation authorized by Section 8 of the United States Housing Act of 1937, as amended (the "Housing Act") as such program relates to the Loans. Such description is qualified in its entirety by reference to the applicable provisions of the Housing Act and the regulations promulgated thereunder. Although the Housing and Urban Recovery Act of 1983 repealed the new construction and substantial rehabilitation programs of Section 8 as of October 1, 1983, any projects receiving funding under such programs are still subject to regulation under those programs. The housing assistance payments program authorized by Section 8 for moderate rehabilitation or for existing housing may differ. Reference is made to the Housing Act and regulations thereunder for a complete description.

Provision has been made under the Housing Act and the United States Department of Housing and Urban Development ("HUD") regulations for the administration of Section 8 subsidies through state housing finance or development agencies, including the Administration.

Subsidy Contracts. Under the Section 8 housing assistance payments program, three principal contracts are executed. The owner and a public housing agency, such as the Administration, execute an Agreement to Enter Into Housing Assistance Payments Contract ("AHAP") with respect to a development to be constructed or rehabilitated. This AHAP is approved by HUD and, subject to certain conditions, commits the owner to enter into a Housing Assistance Payments Contract ("HAP Contract") upon completion and acceptance of the development. The HAP Contract is executed by the owner and the public housing agency and approved by HUD. In connection with the AHAP, the public housing agency and HUD enter into an Annual Contributions Contract ("ACC") which provides for the disbursement by the public housing agency, as HUD's agent, of housing assistance payments in accordance with the terms of the HAP Contract. The ACC and the HAP Contract usually provide for the payment of the Section 8 subsidy for an initial term, sometimes automatically renewable for additional terms of not more than five years each, with a maximum term of up to 40 years.

Payments received under the HAP Contracts may constitute a primary source of revenues for many of the Developments. Therefore, the termination of a HAP Contract prior to the maturity date of the related loan would have a material adverse impact on the ability of a Development to generate revenues sufficient to pay the principal of and interest on a Loan if the HAP Contract or other similar financial assistance program is not extended by HUD at the expiration of a HAP Contract, if a public housing agency does not continue to allocate on an annual basis Section 8 certificates or housing vouchers to tenants in a development, or the owner is otherwise unable to lease substantially all of the units in the development at rentals which produce revenues equivalent to those which would have been received if the term of the HAP Contract had been extended for the term of a Loan. In such event, there is a likelihood of a default on the related Loan if the term of such Loan exceeds that of the HAP Contract.

Calculation and Payment of Subsidy. The HAP contract specifies a "Contract Rent" for each assisted dwelling unit. The Contract Rent is generally limited by the "fair market rents" established by HUD and published in the Federal Register and by the rents of unassisted units of similar age, design, location and amenities. The Contract Rent for the assisted dwelling units in each development is adjusted by HUD annually pursuant to an adjustment factor established by HUD.

An amount equal to the Contract Rent for each assisted dwelling unit is set aside by HUD in an ACC Reserve Account for each development. Each month, HUD pays from such accounts to the public housing agency, for the account of the owner, an amount equal to the Contract Rent and utilities allowance for each assisted dwelling unit less up to 30% of the resident's income, with certain adjustments. This latter amount is paid directly to the owner by the resident. The proportion of the Contract Rent actually paid by HUD and the resident may vary from month to month depending upon the resident's income. Funds left in the project account are held over to cover future contingencies or rent increases.

Generally, the Section 8 subsidy is payable only when a dwelling unit is occupied by an eligible tenant. However, HUD regulations provide for payments to be made under certain limited circumstances when the unit is not occupied. Subject to certain conditions, after rent-up a subsidy equal to 80% of Contract rents is payable for vacant units for a period of 60 days, and thereafter for an additional 12-month period in an amount equal to the debt service attributable to the unit, subject to additional conditions.

The housing assistance payments are made by HUD directly to the owner and, together with any tenants' contributions, are available to pay debt service on the mortgage note and operating costs of the development and, except in the case of owners organized as nonprofit entities, a return on the owner's initial equity in the development. The owner is responsible to pay debt service, escrows and reserve requirements.

Adjustment of Subsidy Amount. HUD regulations provide for the determination by HUD of an adjustment factor at least once a year. On each anniversary date of the HAP Contract, Contract Rents are adjusted upon request from the owner to the contract administrator in accordance with this factor. Current law and HUD regulations require that rent adjustments not result in material differences between the Contract Rents and rents for comparable unassisted units, except to the extent that the differences existed at the time of execution of the HAP Contract. Current law requires HUD to deny rent adjustments to those Section 8 projects with rents above the applicable fair market rents established by HUD unless the mortgagor demonstrates that the adjusted rent would not exceed rents for comparable unassisted units (plus the initial rent difference), and also requires HUD to reduce the annual adjustment factor by one percentage point for those units in which there was no tenant turnover during the previous year. In addition, provision is made in HUD regulations for special additional adjustments to reflect increases in the actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent that such general increases are not adequately compensated for by the automatic annual adjustments. There is no assurance that such adjustments or special additional adjustments will in fact be sufficient to cover such cost increases. Current federal law provides that Contract Rents in effect on or after April 15, 1987 for newly constructed, substantially rehabilitated or moderately rehabilitated projects may not be reduced unless the project has been refinanced in a manner that reduces the periodic payments of the owner.

The ACC provides that the maximum amount of annual contributions initially available for housing assistance payments will equal the initial Contract Rents and utilities allowances for all assisted units in the development.

In the event that increases in Contract Rents resulting from automatic or special adjustments require annual contributions in excess of the amount then available under the ACC, and HUD approves the estimated required amount for the project, the Section 8 program provides that the Secretary of HUD shall take such steps as may be necessary, including paying annual contributions in amounts in excess of the amounts initially contracted for, reserving annual contributions authorized for the purpose of amending ACCs, or allocating a portion of new authorizations to amend ACCs and HAP Contracts, to assure that assistance payments are increased on a timely basis to cover increases in Contract Rents or decreases in family incomes. HUD's ability to implement such steps may be dependent upon Congressional appropriations of funds.

Termination of Subsidy Contracts. Housing assistance payments do not automatically terminate if a mortgage loan is in default. In addition, in the event of foreclosure, or an assignment or sale to the public housing agency in lieu of foreclosure, or in the event of assignment or sale agreed to by the public housing agency and approved by HUD, housing assistance payments in most cases continue in accordance with the terms of the HAP Contract. However, HUD has reserved the right in the event of a default with respect to the mortgagor's obligations under the HAP Contract to take corrective action, abate or terminate housing assistance payments or terminate the HAP Contract in accordance with the provisions of the ACC after providing reasonable notice to the public housing agency and opportunity to correct the default.

Compliance with Subsidy Contracts. Each ACC and HAP Contract contains, where applicable, agreements on the part of HUD, the Administration and the owner concerning, among other things, maintenance of the housing development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as non-discrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the public housing agency or the owner, or both, may abate the payment of the federal subsidy, in whole or in part. Under the terms of Loans to be financed by the Administration, default by an owner in the performance of its obligations is an event of default under the terms of its mortgage, which would permit foreclosure by the Administration.

Housing assistance payments will continue as long as the owner complies with the requirements of the HAP Contract and has leased the assisted units to eligible tenants or satisfies the criteria for receiving assistance for vacant units. The public housing agency, which has primary responsibility for administering the HAP Contract subject to review and audit by HUD, may require the owner to cure any default under the HAP Contract and may abate housing assistance payments and recover over-payments pending remedy of the default. If the default is not cured, the public housing agency may terminate the HAP Contract or take other corrective action, as directed by HUD. HUD has an independent right to determine whether the owner is in default, to take corrective action, and to apply appropriate remedies.

If HUD determines that the Administration has failed to fulfill its obligations, HUD may, after notice to the Administration giving it a reasonable opportunity to pursue corrective action, require that the Administration assign to HUD all its rights under the HAP Contract.

HUD's ability to fund contract amendments or renewals is subject to annual appropriations. HUD's provision of such amendments and renewals was partially disrupted for a temporary period during the past year, when HUD determined appropriations to be inadequate to fulfill all such needs.

Eligible Tenants. An eligible tenant for a Section 8-assisted unit or a Housing Voucher is a family or an individual whose income, determined in accordance with HUD schedules and criteria, does not exceed the income limits prescribed by HUD for the area in which the development is located. Under existing HUD regulations, the income limit is generally fifty percent (50%) of the area's median income, with further adjustment for the size of the tenant's family and regional economic conditions; although tenants in up to twenty five percent (25%) of units (fifteen percent (15%) for developments with HAP contracts dated after October 1, 1981) may have incomes up to eighty percent (80%) of the area's median income, as adjusted by HUD. Recent legislation also requires that not less than forty percent (40%) of the dwelling units that become available for occupancy in any fiscal year shall be available for leasing only by families whose annual income does not exceed thirty percent (30%) of area median income (as determined by HUD and adjusted for family size) at the time of admission.

Expiring HAP Contracts. Until 1997, there was substantial uncertainty as to what would happen to Section 8 assisted developments upon the expiration of their HAP contracts at the end of their terms. HUD's Fiscal Year 1998 Appropriations Act, Pub. L. 105-65, signed into law on October 27, 1997, included within it the "Multifamily Assisted Housing Reform and Affordability Act of 1997" (as amended, the "Restructuring Act"), which has been further amended by the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act," enacted by Congress as part of HUD's Year 2000 Appropriations Act (the "Year 2000 Amendments"). The Restructuring Act implements a new "Mark-to-Market" program pursuant to which many FHA insured Section 8 developments with expiring HAP Contracts and above-market rents will be eligible for restructuring plans, and, upon restructuring, may receive continuing Section 8 assistance. These restructuring plans may include refinancing and/or partial payment of mortgage debt, intended to permit the reduction of Section 8 rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance. The Restructuring Act provides, however, that no restructuring or renewal of HAP Contracts will occur if the owner of a project has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner. In addition, the Year 2000 Amendments provided for a new program for preservation of Section 8 developments (including Section 236 developments that have project based HAP Contracts) that allows increases in Section 8 rent levels for certain developments that have below market rents, to market or near market rate levels (the "Mark-up-to Market Program").

The restructuring (or expiration and renewal of HAP Contracts) is designed also to result in a change from "project-based" to "tenant-based" Section 8 payments in many cases. In the former circumstances, the HAP Contract is associated with a particular development and the units therein, and when a tenant moves from the development, the successor tenant, assuming that he or she is within the applicable income limits, will receive the benefit of the Section 8 payments. With "tenant-based" assistance, the Section 8 subsidy is associated with a particular tenant, and when the tenant moves from the development, the successor tenant will not receive the benefit of the Section 8 payments.

Although the primary focus of the Mark-to-Market Program is developments that have FHA-insured mortgages with terms ranging from 30 to 40 years and which have HAP Contracts with substantially shorter terms, the Restructuring Act contains distinct mortgage restructuring and HAP Contract renewal and contract rent determination standards for Section 8 developments for which the primary financing or mortgage insurance was provided by a state or local government, or a unit or instrumentality of such government. Upon the request of the owner of such a development, HUD is currently required to renew an expiring HAP Contract (absent certain actions or omissions of an owner or affiliate and subject to certain verifications). Under current HUD policy, renewals are expected to be made for an initial term of one year, with initial rents at the lesser of: (1) existing rents adjusted by an Operating Costs Adjustment Factor ("OCAF") established by HUD, or (2) a budget-based rent determined by HUD. Under current law, future rent adjustments will be determined using an OCAF or a budget-based adjustment. While it is anticipated that any such adjustment will be structured so as to take due account of debt service requirements, there can be no assurance that rent adjustments will provide for contract rents adequate to pay principal and interest on Bonds. More generally, there can be not assurance that future policies or funding levels will continue to make renewals and rent adjustments available on the same terms as are currently anticipated.

Under the Year 2000 Amendments, Section 8 developments with FHA-insured mortgages for which the primary financing was provided by a unit of state or local government, such as the

Administration, are subject to the Mark-to-Market program unless implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing such financing. To the extent any such state and local government financed Section 8 developments with FHA-insured mortgages are determined not to qualify for the Mark-to-Market program, such developments would be treated in the same manner as other Section 8 developments, as discussed above, that do not have FHA-insured mortgages. To the extent any such Section 8 developments are determined to be eligible for the Mark-to-Market program, all or a portion of the debt for such developments may be prepaid as part of a restructuring agreement.

HAP Contract rents under the Restructuring Act may be significantly lower than the current HAP Contract rents in Section 8 developments, and the corresponding reduction in Section 8 subsidy payments for such developments could materially adversely affect the ability of the owners of such developments to pay debt service on the Loans. Any termination or expiration of HAP Contracts, without renewal or replacement with other project-based assistance (whether due to enactment of additional legislation, material adverse financial or managerial actions by a mortgagor, poor condition of the development or other causes) could also have a material adverse impact on the ability of the related Section 8 developments to generate revenues sufficient to pay debt service on the Loans. In such an instance, a default under the FHA-insured mortgage would result in a claim for payment of mortgage insurance benefits.

While the Restructuring Act generally allows owners to renew HAP Contracts (absent certain material adverse conduct or conditions), owners are not required to renew HAP Contracts beyond their expiration. Upon an election not to renew a HAP Contract owners are required to provide certain notices and transitional tenant protections.

Section 236 Program

General. Under Section 236 of the National Housing Act, the Secretary of HUD (the "HUD Secretary") enters into contracts with owner-mortgagors to make interest reduction payments to the mortgagee, on behalf of the project owner, in an amount generally equal to the difference between the monthly payment for principal, interest and mortgage insurance premium and the monthly payment for principal and interest such project owner would be obligated to pay if the mortgage were to bear interest at the rate of 1 percent per annum. Such Section 236 Contracts are project-based and coterminous with the related mortgages.

As a condition to receiving the interest reduction payments, the project owner must operate the project in accordance with tenant eligibility and rent requirements established by law and further prescribed by the HUD Secretary, maintain the project in satisfactory condition and meet various other HUD requirements. The HUD Secretary is to review tenant income requirements at least annually.

Interest Rate Subsidy. For each dwelling unit there is established, with the approval of the HUD Secretary, (i) a basic rental charge determined on the basis of operating the project with payments of principal and interest due under a mortgage bearing interest at the rate of 1 percent per annum and (ii) a fair market rental charge determined on the basis of operating the project with payments of principal, interest and a mortgage insurance premium which the mortgagor is obligated to pay under the mortgage covering the project. The rental paid by the tenant of each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the lesser of (i) the fair market rental charge, or (ii) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which the housing is located, up to 30 percent of the tenant's adjusted income.

With respect to those projects which the HUD Secretary determines have separate utility metering for some or all dwelling units, the HUD Secretary is authorized: (i) to permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the project without the payment of the cost of utility services used by such dwelling units; and (ii) to permit the charging of a rental for such dwelling units at such an amount, less than 30 percent of a tenant's adjusted income, as the HUD Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall such rental be lower than 25 percent of a tenant's adjusted income.

The project owner shall, as required by the HUD Secretary, accumulate, safeguard, and periodically pay to the HUD Secretary, on a unit-by-unit basis as distinct from a net project basis, all rental charges collected in excess of the basic rental charges ("Section 236 Excess Rents"). With HUD's consent, and subject to certain restrictions, such Section 236 Excess Rents may be retained by the project owner for project use. Otherwise, Section 236 Excess Rents must be remitted to HUD.

In order to induce advances by owners for capital improvements (excluding any owner contributions that may be required by the HUD Secretary), in establishing basic rental charges and fair market rental charges, the HUD Secretary may include an amount that would permit a return of such advances with interest to the owner out of project income, on such terms and conditions as the HUD Secretary may determine. Any resulting increase in rent contributions shall be:

(i) to a level not exceeding the lower of 30 percent of the adjusted family income of the tenant or the published existing fair market rent for comparable housing established under the Section 8 program;

(ii) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more; and

(iii) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent.

Assistance under the Section 8 program shall be provided, to the extent available under appropriations acts, if necessary, to mitigate any adverse effects of these provisions on income-eligible tenants.

Interest reduction payments are made upon receipt by the HUD Secretary of a billing containing representations of facts by the Administration. If the HUD Secretary finds that interest reduction payments have been excessive because of inaccurate facts contained in the billing or other cause, the Administration is obligated to immediately refund the amount that was overpaid. Adjustments in the interest reduction payments are also made in the event a subsidized dwelling unit is destroyed or rendered not habitable for any reason unless the unit is restored or rehabilitated within a reasonable time or unless an unsubsidized unit is designated in its place.

Covenants of Owner. In the Section 236 Contract the project owner covenants and agrees with respect to each subsidized dwelling unit of the project, among other things, that:

(i) Any revision in the basic rental or fair market rental for any subsidized dwelling unit shall be made or approved by the Administration as well as subject to approval by the HUD Secretary, and the HUD Secretary agrees that it will not unreasonably withhold approval of rent revisions made or approved by the Administration;

(ii) Preference for occupancy in subsidized dwelling units shall be given to displaced families and to families whose incomes are within the lowest practicable limits for obtaining rental units in the project; and

(iii) The mortgagor shall not sell, convey or transfer the project except to a purchaser who is approved by the HUD Secretary and is entitled to participation under Section 236 and who assumes the project owner's duties and obligations under the Section 236 Contract.

Covenants of Administration. The Administration covenants and agrees that it will not assign the project mortgage or agree to the forbearance or deferment of any payment due under the project mortgage without the prior written approval of the HUD Secretary; except that, in connection with the issuance of its notes and bonds for the purpose of providing financing under the project mortgages, the Administration may assign or pledge the project mortgage and its rights thereunder as security for its note or bond holders or to a trustee without the written approval of the HUD Secretary. The HUD Secretary shall terminate payments under the Section 236 Contract if the property is acquired by any owner not eligible under Section 236 of the National Housing Act. Section 236 was amended in 1989 to include public entities as eligible owners, as well as non-profit owners.

Termination of HUD Payments. The HUD Secretary may also terminate interest reduction payments under the Section 236 Contract:

(i) Upon default by the project owner or the Administration under any provision of the agreement; or

(ii) If any action of foreclosure is instituted by the Administration, unless the Administration (i) gives to the HUD Secretary in advance written notice of its intention to institute such foreclosure and (ii) submits to the HUD Secretary in advance a plan acceptable to the HUD Secretary providing for continuity of eligibility of the project for receiving the benefits of Section 236.

A payment default under the related mortgage, in and of itself, is not a default under the Section 236 Contract.

If a project is sold upon foreclosure to a new owner (which could include another public entity on behalf of the Administration), upon satisfaction of the requirements specified in (ii) above, the Section 236 interest reduction payments would continue with respect to any mortgage loan assumed or incurred by the new project owner on the same annual and total basis and formula as specified in the related Section 236 Contract.

In the event the HUD Secretary terminates Section 236 interest reduction payments under the Section 236 Contract, the HUD Secretary shall give prior written notice thereof to the Administration stating the reasons therefor. If payments are terminated or to be terminated, such payments may be reinstated or continued by the HUD Secretary at its discretion and on such conditions as the HUD Secretary may prescribe.

Prepayment of Loan. Each Borrower will covenant in the applicable Section 236 Loan documents not to prepay such Loan prior to 20 years from the date the Project was occupied. Each such Loan will permit the Borrower to prepay such Loan at any time after such date subject only to certain temporary affordability restrictions and transitional protections for affected tenants. The Year 2000 amendments permit mortgagors of Section 236 Loans to refinance their mortgages (if the mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy.

Any prepayment of Loans could result in the redemption of Bonds at any time, at a redemption price equal to 100% of the principal amount of Bonds redeemed, plus accrued interest to the redemption date as described under "The Series Bonds - Redemption Provisions."

Transfer of Loan. Each Section 236 Contract provides that the corresponding Section 236 Loan may only be assigned, including any assignment or reassignment between the Administration and the Trustee, with HUD's prior written approval.

Decoupling Program. Congress passed legislation in 1999 that permits owners of Section 236 developments to refinance their mortgages (if such mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy. HUD program guidelines implementing this legislation describe this as "decoupling" the subsidy from the original mortgage loan. Among other things, in order to benefit from the decoupling program, the development owner must agree to enforce the income restrictions applicable to tenants in the development for a period ending five years beyond the term of the assistance under the Section 236 Contract. Under the program, HUD enters into a new Section 236 Contract with the development owner and the mortgagee pursuant to which the subsidy is continued and the new financing is approved. HUD exercises considerable discretion in implementing the program. Section 236 Contracts executed pursuant to the decoupling program may have terms different from those described herein for the program generally.

APPENDIX G

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. §1.01.

Bonds may be issued under the Bond Resolution to provide funds for one or more of the following purposes:

(1) for the making, purchasing or otherwise financing of Qualified Loans;

(2) for the refinancing of Qualified Loans (including, without limitation, Qualified Loans in default);

(3) 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;

(4) for the payment of any "Development Cost" as such term is defined in the Act and any other cost, including, without limitation, costs of issuance, discount, insurance or credit enhancement premiums or fees, fees and expenses of counsel, financial advisors and other professional advisors and consultants, all as permitted by the Act;

(5) for the funding of reserves; or

(6) achieving any other of the Administration's purposes, as described in the Act, as now or hereafter in effect.

Contract with Trustee and Bondholders. §1.02.

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

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

(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.

Series Resolutions. §2.02.

The Administration may, in a Series Resolution, allow permitted variances from provisions of the Bond Resolution (including, without limitation, any modifications to redemption or Qualified Hedge notice provisions) and any other provisions deemed advisable by the Administration and not in conflict with or in substitution for the provisions of the Bond Resolution.

Purchase of Bonds. §4.06.

The Administration may purchase or cause to be purchased any Bonds of any particular Series (or Subseries, if applicable) or maturity in lieu of redemption of such Bonds or for any other purpose pursuant to written instructions given by the Administration to the Trustee, provided that, if the purchase price of any Bonds exceeds the then applicable Redemption Price and accrued interest to the date of purchase, such written instructions shall be accompanied by a Cash Flow Certificate which takes into account any redemption or cancellation of Bonds so purchased. Such purchases shall be made in such manner as directed by the Administration. The Administration or the Trustee shall pay the purchase price of such Bonds together with accrued interest thereon from such funds as may be available therefor pursuant to the Bond Resolution, any applicable Series Resolution, or as otherwise may be made available by the Administration.

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

Funds and Accounts. §5.01.

The following funds and accounts are established under the Bond Resolution:

(1) Bond Proceeds Fund;

(2) Revenue Fund;

(3) Redemption Fund;

(4) Debt Service Reserve Fund;

(5) Collateral Reserve Fund; and

(6) Acquired Development Fund.

All such funds and accounts shall be held and maintained by the Trustee. The Administration may establish accounts and sub-accounts within each fund and account to the extent consistent with the Bond Resolution and such other funds or accounts as may be authorized pursuant to a Supplemental Resolution. All monies or securities held by the Trustee pursuant to the Bond Resolution or a Supplemental Resolution shall be held in trust and applied only in accordance with the provisions of the Bond Resolution, the applicable Supplemental Resolution, the Act and other applicable law.

The Administration may at any time direct the transfer of moneys or Permitted Investments between or among any fund or account created pursuant to the Bond Resolution, provided such transfers are otherwise in accordance with the provisions of the Bond Resolution. The Administration may, but is under no obligation to, at any time deposit or cause to be deposited into any fund or account under the Bond Resolution moneys from any source, including, without limitation, funds of the Administration.

Bond Proceeds Fund. §5.02.

Any proceeds of the sale of any Series (or Subseries) Bonds representing principal, premium or other amounts required to be deposited therein pursuant to the Bond Resolution and any Supplemental

Resolution or Series Resolution and any other amounts determined by the Administration to be deposited therein from time to time shall be deposited in the related Series Account of the Bond Proceeds Fund.

Amounts in the Bond Proceeds Fund shall be expended only: (i) to finance one or more of the purposes authorized by the Bond Resolution; (ii) to pay Cost of Issuance; (iii) to pay principal of and interest on the Bonds when due, to the extent amounts in the Revenue Fund are insufficient for such purpose; (iv) to purchase or redeem Bonds; (v) to pay, purchase or redeem bonds, notes or other obligations of the Administration or any other entity; (vi) for any other use or purpose permitted by the applicable Series Resolution and the Act, and (vii) if so provided in a Supplemental Resolution, to reimburse a Credit Facility Provider or Credit Enhancer for amounts paid or obtained under a Credit Facility or Credit Enhancement for any of the purposes described in clauses (iii), (iv), (v) or (vi) of this paragraph.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in the Bond Proceeds Fund at any time for the purpose of making payments pursuant to clause (i) or (ii) of the preceding paragraph, but only upon receipt of:

(1) a written requisition setting forth each amount to be paid, the person or persons to whom such payment is to be made (which may be or include the Administration) and the purpose of each such payment; and

(2) a certificate of an Authorized Officer identifying such requisition and stating that (A) the amount to be withdrawn from the Bond Proceeds Fund pursuant to such requisition is a proper charge thereon, (B) if such requisition is in connection with the financing of a Loan, including construction advances thereon, such Loan complies with the provisions of the Bond Resolution, and (C) the amount of all payments theretofore or thereupon made by the Administration does not exceed the amount necessary to finance the purpose of such payment.

At any time the Administration may direct the Trustee in writing to transfer amounts in the Bond Proceeds Fund not required for the financing of the Administration's purposes to the Redemption Fund or to apply such amounts directly to the redemption, purchase or retirement of Bonds.

Revenue Fund. §5.03.

The Administration shall cause all Revenues to be deposited promptly with the Trustee in the related Series Account of the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or any Supplemental Resolution or any other funds from any source directed to be deposited therein by the Administration.

The Trustee shall pay out of the Revenue Fund:

(i) on or before each Interest Payment Date or other date or dates on which the following obligations are payable, the amounts required for the payment of Parity Interest, Principal Installments or Sinking Fund Installments, if any, related to Parity Bonds, and principal payments on other Parity Obligations, and

(ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of premium, if any, and accrued interest on outstanding Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by the Trustee to such payments; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

Any amount accumulated in the Revenue Fund up to the unpaid balance of each Sinking Fund Installment may, and, if so directed in writing by the Administration, shall, be applied by the Trustee prior to the fifth day preceding the date the Trustee is required to give notice of redemption of Bonds pursuant to such Sinking Fund Installment: (i) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the purchases referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

Except as otherwise provided in an applicable Supplemental Resolution, upon the purchase or redemption of any Bond, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of the next Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption. Any such instructions shall be given in such manner as, in the best judgment of the Administration, shall provide for the payment of the Sinking Fund Installments thereafter to become due from the remaining Revenues to be derived in connection with the Loans and any other Revenues expected to be available for such payments after considering the amounts payable pursuant to the Loans at such time. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installments due on a future date.

As soon as practicable after the fifth day preceding the date the Trustee is required to give notice of redemption of Bonds pursuant to any Sinking Fund Installment, the Trustee shall proceed to select and call for redemption, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has monies in the Revenue Fund sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Fund the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

On each Interest Payment Date, following the payments made in accordance with subsection (b) above, and subject to the requirements and priorities set forth in any applicable Series Resolution authorizing a Series of Bonds, the Trustee shall transfer from the Revenue Fund:

(i) first, an amount equal to the amount necessary to be transferred to the related Series Account of the Debt Service Reserve Fund for each Series of Parity Bonds in order that the amount on deposit therein be equal to the Debt Service Reserve Requirement (or such lesser amount as may be available) with respect to such Series,

(ii) second, to the Bond Proceeds Fund, such amount as the Administration determines is required to finance the purposes or uses described in the Bond Resolution, as evidenced by a certificate of an Authorized Officer,

(iii) third, if so directed by the Administration, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses,

(iv) fourth, if so directed by the Administration, to any Credit Facility Providers, Credit Enhancers or Qualified Hedge Providers an amount equal to any fees due and owing to such Credit Facility Providers, Credit Enhancers or Qualified Hedge Providers,

(v) fifth, to the Administration, an amount equal to any Operating Expenses, to the extent unpaid,

(vi) sixth, to the entities providing Permitted Investments with respect to the funds and accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a certificate of an Authorized Officer, provided that the transfers made pursuant to the foregoing clauses (ii) through (v) shall be consistent with the most recent Cash Flow Statement or Cash Flow Certificate, and

(vii) seventh, interest on Subordinate Contract Obligations and principal payments or other amounts (including Termination Payments) due under, other Subordinate Contract Obligations.

If the amounts to be transferred pursuant to the foregoing clauses (ii) through (v) are greater than permitted by the most recent Cash Flow Statement or Cash Flow Certificate, such greater amounts may be transferred upon the receipt by the Trustee of a new Cash Flow Statement or Cash Flow Certificate taking such increased transfers into account. At any time after the transfers described in (i) through (viii) above have been made, except as otherwise provided in a Series Resolution, the Administration may upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate, withdraw free and clear of the lien of the Bond Resolution any amount remaining in the Revenue Fund.

The Trustee may at any time make transfers from the Revenue Fund, upon the written direction of an Authorized Officer, to the Redemption Fund for the purposes of such fund. No such transfer shall be made, however, unless there is on deposit in the Revenue Fund after such transfer an amount equal to the Debt Service accrued on all Outstanding Bonds, and any amounts accrued on Parity Obligations and Subordinate Contract Obligations, as of the date of such transfer.

No payments shall be required to be made into the Revenue Fund so long as the amount on deposit therein shall be sufficient to pay all outstanding Bonds (including the Sinking Fund Installments for the retirement thereof) Parity Obligations, and Subordinate Contract Obligations in accordance with their terms, and any Revenues thereafter received by the Administration may be applied to any lawful purpose of the Administration free and clear of the pledge and lien of the Bond Resolution.

The Administration reserves the right to transfer any legally available funds, including, without limitation, proceeds of Refunding Bonds, to the Trustee for credit to the Revenue Fund to pay all or a portion of scheduled principal or interest payments on any Loan, to cure or avert a default on any Loan, or to make any payment of principal, premium, interest or Sinking Fund Installment with respect to any or all of the Bonds. The Administration shall be entitled to recover from the Borrower any amounts so advanced, together with interest thereon at the rate payable on the Loan, or to enforce its right to such recovery under the Loan.

Redemption Fund. §5.04.

The Trustee shall credit to the Redemption Fund all Recovery Payments, moneys permitted to be transferred from the Debt Service Reserve Fund, the Revenue Fund and the Bond Proceeds Fund and any other amounts provided by or on behalf of the Administration (including, without limitation, proceeds of refunding bonds or other obligations); each of which shall be used and applied, as directed by an Authorized Officer, to any of the following purposes: (i) to provide additional funds to the Bond Proceeds Fund for an increase in the amount of a Loan authorized by the Administration or for new Loans to be made, purchased or financed by the Administration, (ii) for the purchase or redemption of Outstanding Bonds as directed by an Authorized Officer, or (iii) for transfer to the Revenue Fund of amounts included in a Recovery Payment representing interest on a Loan. Upon the direction of an Authorized Officer, the Trustee shall transfer any excess funds then held in the Redemption Fund to the Revenue Fund.

Upon receipt of the instructions from an Authorized Officer, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with the foregoing paragraph to the purchase of Bonds so designated at the most advantageous price obtainable or the redemption of Bonds.

If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Fund which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Debt Service Reserve Fund. §5.05.

If moneys in the Revenue Fund are insufficient to provide for the payment when due of any Principal Installment, interest on the Bonds or any Sinking Fund Installment, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the related Series Account of the Revenue Fund the amount of the deficiency then remaining. See "Security for the Bonds - Debt Service Reserve Fund."

Collateral Reserve Fund. §5.06.

Moneys or Cash Equivalents shall be deposited into the related Series Account of 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, disbursement of moneys or Cash Equivalents from such fund, and maintenance of moneys or Cash Equivalents required to be held in such fund with respect to either a Series of Bonds or generally. The amount of moneys or Cash Equivalents required to be held in the Collateral Reserve Fund may be reduced upon receipt by the Trustee of a Cash Flow Certificate taking into account such reduction, which Cash Flow Certificate shall also state that such reduction, in and of itself, will not cause or result in a reduction of the rating or ratings on the Bonds in effect immediately before such reduction. Any balance in the Collateral Reserve Fund in excess of the Collateral Reserve Requirement, may, at the direction of an Authorized Officer, be withdrawn from the Collateral Reserve Fund and credited by the Trustee to any other fund.

Acquired Development Fund. §5.07.

Acquired Development Receipts shall be held by the Trustee in the Acquired Development Fund and shall be used solely for the payment of Acquired Development Expenses; provided that any amount specified by an Authorized Officer as not being needed to maintain the Acquired Development Expense Requirement shall be transferred to the Revenue Fund. Payments from the Acquired Development Fund shall be made upon the direction of an Authorized Officer. Upon receipt of each such direction of an Authorized Officer, the Trustee shall pay the amount stated therein to the Administration by check or draft or shall arrange for the transfer, deposit or payment of such amounts as directed by the Authorized Officer.

Enforcement of Loan Provisions. §6.05.

The Administration shall 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.

The Administration may, in its discretion, modify, amend or alter any security for, or any terms or provisions, of any Loan or Mortgage, provided that, if such modification, amendment or alteration is material, the Administration has filed with the Trustee a Cash Flow Certificate taking such sale, release, modification, amendment or alteration into account. The Administration may, in its discretion, materially modify, amend, alter, cancel or release Credit Enhancement of any Loan, provided the Administration has filed with the Trustee a Cash Flow Certificate taking such modification, amendment, alteration, cancellation or release into account and a certificate of an Authorized Officer to the effect that any such modification, amendment, alteration, cancellation or release will not adversely affect the rating on the Bonds as in effect immediately before the date of such certification.

Whenever the Administration deems it necessary or appropriate to protect and enforce the rights of the Administration under a Mortgage securing a Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Administration either shall (i) make claim under any Credit Enhancement relating to the Loan and, if required, assign such Loan to the Credit Enhancer, (ii) commence foreclosure proceedings against the Borrower or the Development, or (iii) take such other action or exercise such other rights of the Administration upon default with respect to the Borrower or the Development as may be determined by the Administration to be in the best interests of the Bondholders. If the Loan is the subject to any Credit Enhancement, the Administration may take such actions or commence such proceedings (or refrain therefrom) as necessary or required by the Credit Enhancer and any applicable rules, regulations or procedures applicable to any Credit Enhancement in order to collect upon or exercise its rights with respect to the Credit Enhancement. To the extent necessary for the protection and enforcement of its rights under such Mortgage, the Administration may accept a deed in lieu of foreclosure or bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and may acquire and take possession of such Development if to do so would, in the Administration's judgment, be in the best interests of the Bondholders.

Upon foreclosure of a Mortgage or upon acquisition of an Acquired Development in lieu of foreclosure of a Mortgage, and so long as the Administration shall have title to or be in possession of the

Acquired Development, the Administration may, as the case may be, construct, operate and administer such Acquired Development in the place and stead of the Borrower. To the extent moneys on deposit in the Bond Proceeds Fund relating to the Acquired Development or other moneys are available for such purpose, the Administration may apply such moneys to complete the construction and development thereof, if not already completed. The Administration may pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Acquired Development from money withdrawn from the Acquired Development Fund. The Trustee is authorized to pay to the Administration, upon its request, any amount on deposit in the Bond Proceeds Fund with respect to any Acquired Development foreclosed or otherwise acquired by the Administration, upon receipt of advice from an Authorized Officer that such amount is required to pay an item that would have been included in the cost of the Acquired Development had the Administration not acquired the same.

Upon or after foreclosure of a Development under a Mortgage or acquisition thereof from the Borrower in lieu of foreclosure:

(1) the Administration may convey title to the Acquired Development, provided that such conveyance results in the collection of Credit Enhancement benefits, if any, relating to the Loan;

(2) the Administration may sell the Acquired Development at the best obtainable price, as determined by and in the judgment of the Administration;

(3) the Administration may sell the Acquired Development to a Borrower and make a Loan with respect thereto, as if such Borrower were the original Borrower;

(4) if the Acquired Development has not been completed, the Administration may elect to complete all or any part thereof and sell the Acquired Development as completed and any land not required for such completion as separate parcels for an aggregate price determined in accordance with paragraphs (2) or (5) above; or

(5) notwithstanding the foregoing, if the fair market value of the Acquired Development, as determined by the Administration based on such appraisals as it deems necessary, is less than the amount computed in accordance with the Bond Resolution, it may nevertheless be sold at its fair market value.

Prepayments of Loans. §6.06.

The Bond Resolution provides that the Administration will not consent to the Prepayment of any Loan unless all of the following requirements are met:

(1) The Prepayment is permitted by the Credit Enhancer (if any) of the Loan.

(2) The Administration requires that any voluntary Prepayment shall be in an amount determined by the Administration to be sufficient to provide for payment by the Administration of the following:

(i) an amount sufficient to redeem all Bonds that the Administration, in its discretion, determines to redeem in connection with such Prepayment ("Redemption Bonds") in a principal amount at least equal to the amount of the Prepayment as of the date selected by the Administration for redemption of such Redemption Bonds (the "Redemption Date");

(ii) the interest to accrue on the Redemption Bonds to such Redemption Date and premium due on such Redemption Bonds, if any; and

(iii) the costs and expenses of the Administration in effecting such redemption.

(3) In addition to the foregoing, the Administration may require that any voluntary Prepayment shall include an amount sufficient to provide for payment of other costs and expenses incurred in connection with the issuance of the Outstanding Bonds of the Series from which proceeds were used to finance the Loans, as determined by the Administration (including, without limitation capitalized interest, costs of issuance, reserves, bond discount and legal fees not included in the principal of the Loan).

(4) If required, the Administration furnishes to the Trustee a Cash Flow Certificate taking such Prepayment into account.

In determining the foregoing amount, the Administration may include a reasonable estimate of income to be derived from the investment of such Prepayment until the Redemption Date.

Sale of Loans; Release from Lien of Bond Resolution. §6.07.

The Administration is authorized to sell, assign or otherwise dispose of a Loan (and to release the same from the lien of the Bond Resolution), in addition to a sale, assignment or disposition otherwise permitted under the Bond Resolution or any applicable Supplemental Resolution, provided the proceeds of such sale, assignment or disposition shall be treated as a Recovery Payment for purposes of the Bond Resolution and provided, further, that, with respect to any Loan not in default, the Administration files with the Trustee a Cash Flow Certificate taking into account such sale, assignment or disposition.

The Administration is authorized to release a Loan from the lien of the Bond Resolution, provided the Administration files with the Trustee a Cash Flow Certificate taking into account such release.

The Administration is authorized to release a Loan secured by a Credit Facility or Credit Enhancement, reserves created or held with respect to such Loan or the Series of Bonds (or portion of such Series) issued to make, purchase or finance such Loan and any other moneys to be received with respect to such Loan 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 Loan or the Credit Enhancement securing the Loan, 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.

Maintenance of Debt Service Reserve Requirement. §6.08.

In the event the amounts held in the Debt Service Reserve Fund shall for any reason be less than the Debt Service Reserve Requirement, the Administration shall cause deposits to be made to the Debt Service Reserve Fund from moneys available in the Revenue Fund until the amounts in such fund shall equal or exceed the Debt Service Reserve Requirement. *The failure of the Administration to maintain the Debt Service Reserve Requirement shall not, in and of itself, constitute an Event of Default under the Bond Resolution*. See "SECURITY FOR THE BONDS - Debt Service Reserve Fund."

Accounts and Reports. §6.09.

The Administration shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Program and all funds and accounts established by or pursuant to the Bond Resolution, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders of an aggregate of not less than five percent in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Annually, within 180 days after the close of each Fiscal Year, the Administration shall file with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Report, including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such period and a statement of income, expenses and changes in fund balances for such period. Revenues and expenses shall be accrued, and assets shall be valued in such manner as is deemed by the Administration and the accountant to be necessary to present fairly the results of operations for the Fiscal Year and the financial position of such funds and accounts at the end of the Fiscal Year in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding Fiscal Year.

Cash Flow Statements and Certificates. §6.13.

See the discussion of Cash Flow Statements and Cash Flow Certificates under the heading "Security for the Bonds - Cash Flow Statements and Certificates."

A 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 interest rate used shall be assumed to be the fixed rate, which in the judgment of the remarketing agent for such Bonds, or such other financial consultant selected by the Administration and experienced in the sale of municipal securities (having due regard to the prevailing market conditions), would be necessary to enable such Bonds to be sold at par in the secondary market on the date of such calculation or such higher or lower rate which does not adversely affect any of the Rating Agency's ratings on the Bonds. The calculations contained in a Cash Flow Statement may be prepared by the Administration or a financial advisor or a financial or accounting firm acceptable to the Administration.

Discharge of Lien. §7.01.

If the Administration shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of particular Parity Obligations and Subordinate Contract Obligations the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein and in the Bond Resolution, then unless the Trustee is advised by an Authorized Officer to the contrary, these presents and the estate and rights hereby granted shall cease, determine and be void, with respect to such Parity Obligations and Subordinate Contract Obligations, whereupon the Trustee shall cancel and discharge the lien of the Bond Resolution, and execute and deliver to the Administration such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto the Administration any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Bond Resolution, except cash held by the Trustee or any Paying Agent for the payment of the principal of, premium, if any, and interest on the particular Parity Obligations and Subordinate Contract Obligations.

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

Notwithstanding the foregoing, no deposit under clause (B) of the immediately preceding paragraph shall be deemed a payment of such Parity Obligations and Subordinate Contract Obligations as aforesaid until: (i) proper notice of redemption of such Parity Obligations or Subordinate Contract Obligations shall have been previously given in accordance with the Bond Resolution, or in the event said Parity Obligations or Subordinate Contract Obligations are not by their terms subject to redemption within the next succeeding 60 days, until the Administration shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Parties or holders or owners of the Parity Obligations or Subordinate Contract Obligations, in accordance the Bond Resolution that the deposit required by subparagraph (ii) above has been made with the Trustee and that said Parity Obligations and Subordinate Contract Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Parity Obligations and Subordinate Contract Obligations; or (ii) the maturity of such Parity Obligations and Subordinate Contract Obligations.

Notwithstanding the foregoing, in the case of Parity Obligations or Subordinate Contract Obligations which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Parity Obligations or Subordinate Contract Obligations as aforesaid until the Administration shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

(i) stating the date when the principal (and premium, if any) of each such Parity Obligations or Subordinate Contract Obligations is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to the Bond Resolution any Parity Obligations or Subordinate Contract Obligations to be redeemed prior to maturity pursuant to paragraph (i) above; and

(iii) to notify, as soon as practicable, in the manner prescribed by the Bond Resolution the holders of such Parity Obligations or Subordinate Contract Obligations that the deposit required has been made with the Trustee and that said Parity Obligations or Subordinate Contract Obligations are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Parity Obligations or Subordinate Contract Obligations as specified in paragraph (i) above.

If the Administration shall pay or cause to be paid, or there otherwise shall be paid to the Parties to or the holders of all Parity Obligations and Subordinate Contract Obligations, the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, such Parity Obligations and Subordinate Contract Obligations shall cease to be entitled to any lien, benefit or security under the Bond Resolution and the applicable Series Resolution, and the applicable Series Resolution and all covenants, agreements and obligations of the Administration to Parties to or the holders of such Parity Obligations and Subordinate Contract Obligations shall thereupon cease, terminate and become void and be discharged and satisfied.

All moneys so deposited with the Trustee as provided in this Section may at the direction of the Administration also be invested and reinvested in Federal Obligations or Pre-Refunded Municipal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations or Pre-Refunded Municipal Obligations in the hands of the Trustee which is not required for the payment of the Parity Obligations and Subordinate Contract Obligations and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for application as are other moneys deposited in such fund. The Trustee may sell, transfer or otherwise dispose of the Federal Obligations and Pre-Refunded Municipal Obligations deposited with the Trustee pursuant to this Section; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other Federal Obligations and Pre-Refunded Municipal Obligations, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Parity Obligations and Subordinate Contract Obligations on and prior to the redemption date or maturity date thereof, as the case may be.

All moneys, Federal Obligations and Pre-Refunded Municipal Obligations set aside and held in trust pursuant for the payment of Parity Obligations and Subordinate Contract Obligations (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Parity Obligations and Subordinate Contract Obligations (including interest and premium thereof, if any) with respect to which such moneys, Federal Obligations and Pre-Refunded Municipal Obligations have been so set aside in trust.

Events of Default. §8.01.

Each of the following shall constitute an event of default under the Bond Resolution:

(a) Interest on any Series of Parity Bonds is not paid within 30 days after the same becomes due, or the principal or redemption price of such Series of Parity Bonds is not paid at maturity or at a redemption date at which Series of Parity Bonds have been called for redemption, or a Sinking Fund Installment relating to such Series of Parity Bonds is not paid when due;

(b) If there is a material default in the performance or observance of any other of the Administration's covenants, agreements or conditions contained in the Bond Resolution, a Series Resolution or the Bonds of a Series, and such default is not remedied after notice thereof; or

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

No default under clause (b) above shall constitute an Event of Default until actual notice of such default shall be given to the Administration by the Trustee or by the holders of not less than 100% in aggregate principal amount of all Bonds Outstanding and the Administration shall have had 180 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided that if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Administration within the applicable period and diligently pursued until the default is corrected.

Under no circumstances shall the Administration's failure to pay (i) Parity Obligations other than Bonds, (ii) Termination Payments or (iii) Subordinate Contract Obligations constitute an Event of Default.

Remedies; Rights of Bondholders. §8.02.

Upon the occurrence of an Event of Default described in Paragraph (a) under the heading "Events of Default. §8.01" above, the Trustee may pursue any available remedy under the Act, at law or in equity to enforce the payment of the principal and interest on the Parity Obligations and Subordinate Contract Obligations then Outstanding, including, declaring the principal of all Parity Obligations and Subordinate Contract Obligations Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such Parity Obligations and Subordinate Contract Obligations shall thereupon become immediately due and payable.

In addition, upon the occurrence of an Event of Default, the Administration shall:

(a) if requested so to do by the holders of no less than 100% in aggregate principal amount of Bonds then Outstanding, effectuate the assignment to the Trustee of any or all of the Loans and Mortgages held by the Administration and financed under the Program;

(b) subject the books of record and account of the Administration and all records relating to the Program to the inspection and use of the Trustee and of its agents and attorneys; and

(c) whenever the Trustee shall demand, account as if it were the trustee of an express trust for all Revenues and other money, securities and funds and accounts pledged or held under the Bond Resolution for such period as shall be stated in such demand.

Right of Bondholders to Direct Proceedings. §8.03.

The holders of 100% of the aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings under the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

Rights and Remedies of Bondholders. §8.07.

No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Bond Resolution or for the execution of any trust hereof or for the appointment of a receiver or any other remedy under the Bond Resolution, unless (1) a default has occurred of which the Trustee has been notified or of which it is deemed to have notice, (2) such default shall have become an Event of Default and the owners of not less than 100% in aggregate principal amount of Bonds then Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity as required by the Bond Resolution, and (4) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity shall be instituted, had and maintained for the equal and ratable benefit of the holders of all Bonds then Outstanding (other than owners of Subordinate Bonds, who shall be entitled to the priority established with respect to the applicable Series of Subordinate Bonds). However, nothing contained in the Bond Resolution shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Administration to pay the principal of and interest on each of the Bonds issued under the Bond Resolution to the respective holders thereof at the time, place, from the source and in the manner expressed in the Bonds.

Waivers of Events of Default. §8.09.

The Trustee may at its discretion waive any Event of Default under the Bond Resolution and its consequences, and shall do so upon the written request of the holders of (1) more than 100% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (2) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided that there shall not be waived (a) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Administration, the Trustee and the Bondholders shall be restored to their former positions and rights under the Bond Resolution, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Supplemental Bond Resolutions. §9.01 - §9.03.

For any one or more of the following purposes and at any time or from time to time, a resolution of the Administration supplementing the Bond Resolution may be adopted, which resolution, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms to:

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

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

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

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

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

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

For any one or more of the following purposes and at any time or from time to time, a resolution of the Administration, amending or supplementing the Bond Resolution, may be adopted, which, upon (i) filing with the Trustee of a copy thereof certified by an Authorized Officer and (ii) filing with the Administration of an instrument in writing made by the Trustee consenting to such resolution, shall be fully effective in accordance with its terms to:

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

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

(c) amend the Bond Resolution in any respect which, in the opinion of the Trustee, is not materially adverse to the interests of the Bondholders and will not, in and of itself, adversely affect the ratings on the Bonds in effect immediately before the adoption of such amendment.

Except as provided above, the holders of not less (i) two-thirds in aggregate principal amount of the Parity Bonds (as to Supplemental Resolutions relating to the Parity Bonds) or (ii) two-thirds in aggregate principal amount of the Subordinate Bonds (as to Supplemental Resolutions relating to the Subordinate Bonds), shall have the right, from time to time, anything contained in the Bond Resolution to the contrary notwithstanding, to consent to and approve the execution by the Administration and the Trustee of such Supplemental Resolutions hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any Supplemental Resolutions; provided that nothing in this paragraph shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Parity Bonds or Subordinate Bonds, as the case may be, (a) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the interest on any Bond issued under the Bond Resolution, or (b) a reduction in the principal amount of any Bond or the rate of interest, or sinking fund redemption requirements, thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution, or (e) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Bond Resolution or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Investment of Funds and Accounts. §10.02.

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

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

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

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

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

The Trustee shall sell at the best price obtainable, as determined by the Administration, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

Trustee. Article XI.

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

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

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

The Trustee, or any successor thereof, may be removed at any time by the Administration (so long as the Administration is not in default under the Bond Resolution) in its sole discretion (including, without limitation, competitive or negotiated bidding for services) by notice given by the Administration to the Trustee, or by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Administration. Such removal shall not, however, take effect unless previously a successor shall have been appointed by the Administration or Bondholders as herein provided, in which event such removal shall take effect immediately on the appointment of such successor and its acceptance of such appointment.

If the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed or if any public office shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Trustee and to the Administration. Pending such appointment, the Administration shall forthwith appoint a successor Trustee to fill such vacancy until a successor Trustee shall be appointed by Bondholders as authorized under the Bond Resolution.

The Administration reserves the right to approve, in its sole discretion, any successor Trustee if any Trustee is merged or converted or consolidated or if any Trustee sells or transfers all, substantially all or any portion of its corporate trust business. Any proposed transfer of the trusts created under the Bond Resolution to a successor not approved by the Administration shall constitute sufficient ground for removal of the Trustee. The Administration, in its sole discretion, reserves the right, in the future and from time to time, to undertake to obtain competitive proposals from financial and trust institutions for the performance of the services of Trustee, Registrar and Paying Agent under the Bond Resolution. The Trustee, Paying Agent and Registrar each agree that in the event its proposal is not accepted by the Administration in such circumstances, it shall resign as Trustee, Registrar or Paying Agent upon request of the Administration. Alternatively, at the option of the Administration, the failure of the Trustee, Registrar or Paying Agent to be the party whose proposal is accepted for trustee, registrar or paying agent services in the future shall constitute sufficient reason for removal of the Trustee, Registrar or Paying Agent under the Bond Resolution by the Administration.

Publication of Notice. §12.07.

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

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APPENDIX H

OUTSTANDING MULTI-FAMILY MORTGAGE REVENUE BONDS

The following table sets forth certain information relating to Multi-Family Mortgage Revenue Bonds of the Administration outstanding under the Bond Resolution as of September 1, 2010:

Series Designation	Date of Issuance or Conversion	Final Maturity	Amount Issued	Amount Outstanding
Series 2009 A	January 12, 2010	July 1, 2051	$92,040,000	$67,660,000
Series 2009 A-1	July 22, 2010	July 1, 2051	$24,380,000	$24,380,000
Series 2010 A	July 22, 2010	July 1, 2030	$8,410,000	$8,410,000

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APPENDIX I

BOOK ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Series Bonds"). The Series Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, 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. DTC 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"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Series 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 Series 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 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 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 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Administration or the 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 Series Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, Trustee, or the Administration, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Administration or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series Bonds by causing the Direct Participant to transfer the Participant's interest in the Series Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series Bonds at any time by giving reasonable notice to the Administration or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Administration may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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APPENDIX J-1

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL – SERIES 2010 B

September __, 2010

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

$16,730,000
Multi-Family Mortgage Revenue Bonds
Series 2010 B

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 the issuance and sale of $16,730,000 aggregate principal amount of its Multi-Family Mortgage Revenue Bonds, Series 2010 B (the "Series 2010 B Bonds").

The Series 2010 B 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") and (2) the resolution of the Administration adopted as of December 1, 2009, entitled "Resolution Providing for the Issuance of Multi-Family Mortgage Revenue Bonds" (the "Bond Resolution"), as supplemented by the Series Resolution Providing for the Issuance and Sale of Multi-Family Mortgage Revenue Bonds, Series 2010 B, to be adopted by the Administration as of September 1, 2010 (the "Series Resolution"). The Bond Resolution and the Series Resolution are referred to collectively as the "Resolution." The Director of the Administration determined, pursuant to Section 4-245(a) of the Act, that the issuance of the Series 2010 B Bonds is necessary to achieve one or more purposes of the Administration, and such determination was approved by the Secretary of Housing and Community Development. Capitalized terms used in this opinion and not otherwise defined in this opinion shall have the meanings set forth in the Resolution or the Act.

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

1) Under the Constitution and laws of the State, the Act is valid and the Administration has been duly created and validly exists as a unit of the Division of Development Finance of the Department with such political and corporate powers as set forth in the Act and with good, right and lawful authority, among other things, to carry out the Program of making Permitted Mortgage Loans, to issue the Series 2010 B Bonds to provide funds therefor and to perform its obligations under the terms and conditions of the Resolution.

2) The Resolution has been duly adopted by the Administration and approved by the Secretary and is valid and binding upon the Administration and is enforceable in accordance with its terms.

3) The Series 2010 B Bonds are valid and legally binding limited obligations of the Administration secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates the valid pledge of and the valid lien which it purports to create upon the Revenues and other assets and income described in the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4) Under existing law, interest on the Series 2010 B Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Series 2010 B Bond for any period during which such Series 2010 B Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series 2010 B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Furthermore, interest on the Series 2010 B Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax.

5) Under existing statutes, the Series 2010 B Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes.

The foregoing opinion is qualified only to the extent that the enforceability of the Series 2010 B Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors' rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2010 B Bonds. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

Very truly yours,

APPENDIX J-2

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL – SERIES 2009 A-2

September __, 2010

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

$6,610,000
Multi-Family Mortgage Revenue Bonds
Series 2009 A-2

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 the release of $6,610,000 (the "Release Amount") of the proceeds of the Administration's Multi-Family Mortgage Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"). The Series 2009 A Bonds were 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") and (2) the resolution of the Administration adopted as of December 1, 2009, entitled "Resolution Providing for the Issuance of Multi-Family Mortgage Revenue Bonds" (the "Bond Resolution"), as supplemented by the Series Resolution Providing for the Issuance and Sale of Multi-Family Mortgage Revenue Bonds, Series 2009 A, adopted as of December 1, 2009, as amended (the "2009 A Series Resolution").

The portion of the Series 2009 A Bonds allocable to the Release Amount is being re-designated as the Administration's Multi-Family Mortgage Revenue Bonds, Series 2009 A-2 (the "Series 2009 A-2 Bonds"). The Series 2009 A-2 Bonds are deemed reissued on the date hereof for federal income tax purposes and will be delivered in exchange for a like amount of Series 2009 A Bonds and secured under and pursuant to the terms of the Bond Resolution, the 2009 A Series Resolution and the Series Resolution Providing for the Issuance and Sale of Multi-Family Mortgage Revenue Bonds, Series 2009 A-2, to be adopted by the Administration as of September 1, 2010 (the "2009 A-2 Series Resolution"). The Bond Resolution, the 2009 A Series Resolution and the 2009 A-2 Series Resolution are referred to collectively as the "Resolution."

The Director of the Administration determined, pursuant to Section 4-245(a) of the Act, that the delivery of the Series 2009 A-2 Bonds is necessary to achieve one or more purposes of the Administration, and such determination was approved by the Secretary of Housing and Community

Development. Capitalized terms used in this opinion and not otherwise defined in this opinion shall have the meanings set forth in the Resolution or the Act.

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

1) Under the Constitution and laws of the State, the Act is valid and the Administration has been duly created and validly exists as a unit of the Division of Development Finance of the Department with such political and corporate powers as set forth in the Act and with good, right and lawful authority, among other things, to carry out the Program of making Permitted Mortgage Loans, to deliver the Series 2009 A-2 Bonds to provide funds therefor and to perform its obligations under the terms and conditions of the Resolution.

2) The Resolution has been duly adopted by the Administration and approved by the Secretary and is valid and binding upon the Administration and is enforceable in accordance with its terms.

3) The Series 2009 A-2 Bonds are valid and legally binding limited obligations of the Administration secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates the valid pledge of and the valid lien which it purports to create upon the Revenues and other assets and income described in the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4) Under existing law, interest on the Series 2009 A-2 Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Series 2009 A-2 Bond for any period during which such Series 2009 A-2 Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series 2009 A-2 Bonds or a "related person" within the meaning of Section 147(a) of the Code. Furthermore, interest on the Series 2009 A-2 Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax.

5) Under existing statutes, the Series 2009 A-2 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes.

The foregoing opinion is qualified only to the extent that the enforceability of the Series 2009 A-2 Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors' rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2009 A-2 Bonds. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

Very truly yours,

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