NEW ISSUE
BOOK-ENTRY ONLY

RATING *MOODY'S: Aaa*
(See "RATINGS" herein)

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Mulitfamily Development Revenue Bonds
(Orchard Mews Apartment Project)
$5,845,000 Series 2002 C

Dated: September 1, 2002

Due: As shown on inside cover

The above-captioned Series 2002 C Bonds (the "Bonds") are being issued by the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland, in fully registered form only and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds may be purchased only in book-entry form in denominations of $5,000 and integral multiples thereof. See "APPENDIX I - Book Entry System" herein. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2003.

The Bonds are being issued by the Administration to provide funding for a mortgage loan (the "Mortgage Loan") to be made by the Administration to the Borrower (as defined herein), for the purpose of financing the acquisition and rehabilitation of the multifamily rental housing apartment project described herein (the "Project") located in Baltimore, Maryland to be occupied, to the extent required by federal tax law or the Administration, by persons or families of low income. The applicable income and rent restrictions are described more fully herein. See "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

The Bonds are being issued pursuant to a Trust Indenture, dated as of September 1, 2002 (the "Indenture"), between the Administration and Allfirst Bank (the "Trustee"). The Mortgage Loan will be made pursuant to a Financing Agreement, dated as of September 1, 2002 (the "Financing Agreement"), among the Administration, the Trustee and the Borrower. Payment of the principal of and interest on the Bonds will be secured, to the extent described herein, by the Mortgage Loan and by certain other resources and assets constituting the Trust Estate under the Indenture, all as described herein. Fannie Mae has agreed to provide credit enhancement for the Mortgage Loan pursuant to, and subject to, the limitations of the Credit Facility described herein.

FannieMae

If, pursuant to the Construction Phase Financing Agreement, dated as of September 1, 2002 (the "Construction Phase Financing Agreement")), among Fannie Mae, Bank of America, N.A. (the "Construction Lender") and Enterprise Mortgage Investments, Inc. (the "Loan Servicer") and acknowledged and agreed to by the Borrower, the Conditions to Conversion of the Mortgage Loan from the Construction Phase to the Permanent Phase (as each such term is defined herein) are not satisfied (or waived by Fannie Mae) on or before the Termination Date specified in the Construction Phase Financing Agreement, the Bonds will be subject to special mandatory redemption (unless the Bonds are purchased by or for the account of the Construction Lender in accordance with the Indenture), in whole, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest on the Bonds to the Redemption Date (as defined in the Indenture), without premium. The redemption price of any such special mandatory redemption in whole will be paid with funds provided under the Credit Facility. If the Conditions to Conversion are timely satisfied (or waived by Fannie Mae), the Bonds will not be subject to special mandatory redemption for failure of Conversion (as defined herein) to occur. There can be no assurance that Conversion will occur. If the principal amount of the Mortgage Loan is prepaid in part by the Borrower prior to and as a condition to Conversion of the Mortgage Loan from the Construction Phase to the Permanent Phase to reduce the principal amount of the Mortgage Loan in order to satisfy Fannie Mae's underwriting requirements, the Bonds will be subject to corresponding special mandatory redemption, in part, in an amount equal to such prepayment.

The Bonds are subject to optional, mandatory sinking fund and special mandatory redemption prior to maturity at the times and to the extent described herein. See "THE BONDS—Redemption" herein.

The Bonds are special obligations of the Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department in the government of the State of Maryland, payable solely from the Trust Estate pledged therefor under the Indenture. The Administration has no taxing power. The Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

Fannie Mae's obligations with respect to the Bonds are solely as provided in the Credit Facility. The obligations of Fannie Mae under the Credit Facility will be obligations solely of Fannie Mae, a federally chartered stockholder-owned corporation, and will not be backed by the full faith and credit of the United States. The Bonds are not a debt of the United States of America or any agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not guaranteed by the full faith and credit of the United States of America.

The Bonds (other than $1,500,000 principal amount of the Bonds maturing on May 1, 2034 (the "Placed Bonds"), which are not being reoffered hereby) are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of validity by Hawkins, Delafield & Wood, Washington, D.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland as Counsel to the Department, for Fannie Mae by its Legal Department and by Arent Fox Kintner Plotkin & Kahn, PLLC, Washington, D.C., for the Borrower by Nixon Peabody LLP, Washington, D.C., and McGuireWoods LLP, Baltimore, Maryland, and for the Underwriters by Hunton & Williams, Washington, D.C. It is expected that the Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about September5, 2002.

Legg Mason Wood Walker
Incorporated

Bear, Stearns & Co. Inc. **Ferris, Baker, Watts** **Incorporated** **UBS PaineWebber Inc.**

August 23, 2002

MATURITY SCHEDULE

Serial Bonds

Due (May 1)	Amount	Interest Rate	Price
2006	$130,000	2.70 %	100 %
2007	130,000	3.00	100
2008	135,000	3 3/8	100
2009	140,000	3.60	100
2010	145,000	3.85	100
2011	155,000	4.00	100
2012	160,000	4.10	100
2013	170,000	4.25	100
2014	175,000	4.40	100

Underwritten Term Bonds

$1,445,000 5 1/8 % Term Bonds Due May 1, 2022, Price 100%
$1,560,000 5.30% Term Bonds Due May 1, 2035, Price 100%

Placed Term Bonds

$1,500,000 5.30% Term Bonds Due May 1, 2034, Price 100% (not reoffered)

(ACCRUED INTEREST TO BE ADDED)

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

Fannie Mae has not provided or approved any information in this Official Statement except with respect to the description herein in "APPENDIX J - FANNIE MAE," takes no responsibility for any other information contained in this Official Statement and makes no representation as to the contents of this Official Statement (other than with respect to the description herein in "APPENDIX J - FANNIE MAE"). Without limiting the foregoing, Fannie Mae makes no representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Project or compliance with any securities, tax or other laws or regulations. Fannie Mae's role is limited to providing the Credit Facility to the Trustee.

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

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

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

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

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE ADMINISTRATION FOR THE PURPOSE OF RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED UNDER RULE 15c2-12(b)(1).

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Official Statement
relating to
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
$5,845,000 Series 2002 C

INTRODUCTION

This Official Statement and the Appendices hereto set forth certain information relating to the issuance by the Maryland Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland, of the above-captioned Series 2002 C Bonds (the "Bonds"). Certain capitalized terms used in this Official Statement are summarized in APPENDIX A—"SUMMARY OF CERTAIN DEFINITIONS" attached hereto.

The Bonds are being issued pursuant to a Trust Indenture (the "Indenture"), dated as of September 1, 2002, between the Administration and Allfirst Bank, as trustee (the "Trustee"), and pursuant to Sections 2-201 through 2-208 of Article 83B of the Annotated Code of Maryland, as amended (the "Act"). The Trustee has not participated in the preparation of this Official Statement.

The Bonds are special and limited obligations of the Administration issued in connection with the acquisition and rehabilitation by Orchard Mews-Baltimore Limited Partnership, a Maryland limited partnership (the "Borrower"), of a multifamily rental housing development known as Orchard Mews Apartments, located in Baltimore, Maryland (the "Project"). The Mortgage Loan will be made pursuant to a Financing Agreement, dated as of September 1, 2002 (the "Financing Agreement"), among the Administration, the Trustee and the Borrower, and in accordance with the requirements of Fannie Mae. The Mortgage Loan will be evidenced by a Multifamily Note (the "Mortgage Note"), executed by the Borrower. The Mortgage Note will be payable to the Administration and will be secured by, among other things, a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the "Security Instrument") from the Borrower in favor of the Administration and Fannie Mae. The Security Instrument will encumber the Project. On the date of issuance and delivery of the Bonds (the "Closing Date"), the Mortgage Loan (including the Mortgage Note and Security Instrument) will be assigned by the Administration to the Trustee and Fannie Mae, as their interests may appear, pursuant to the Assignment and Intercreditor Agreement between the Administration, the Trustee and Fannie Mae, dated as of September 1, 2002 (the "Assignment") and upon such Assignment, will be part of the Trust Estate securing the Bonds. Pursuant to the Assignment, Fannie Mae has the exclusive right to exercise all rights and remedies (other than Reserved Rights) under the Note, the Security Instrument, the Financing Agreement and all other Mortgage Loan Documents (the "Assigned Documents"). Fannie Mae also has the right at any time, upon filing with the Trustee a certification reaffirming Fannie Mae's obligations under the Credit Facility, to direct the Trustee to assign all of its right, title and interest in and to the Assigned Documents to Fannie Mae.

Fannie Mae has agreed to provide credit enhancement for the Mortgage Loan pursuant to, and subject to the limitations of, the Stand-By Credit Enhancement Instrument (the "Credit Facility") attached hereto as Appendix J. Under the Credit Facility, certain payments under the Mortgage Note will be secured by the Credit Facility. The obligation of the Borrower to reimburse Fannie Mae for any funds provided by Fannie Mae under the Credit Facility will be set forth in the Reimbursement Agreement, dated as of September 1, 2002, (the "Reimbursement Agreement"), between the Borrower and Fannie Mae. See "APPENDIX E -

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT", "APPENDIX J - FANNIE MAE" and "APPENDIX K- CREDIT FACILITY" herein.

Fannie Mae's participation in the financing of the Project will not extend beyond the Construction Phase (as defined in the Construction Phase Financing Agreement (the "Construction Phase Financing Agreement"), dated as of September 1, 2002, among Fannie Mae, Bank of America, N.A. (the "Construction Lender") and Enterprise Mortgage Investments, Inc. (the "Loan Servicer") and acknowledged and agreed to by the Borrower) unless the Conditions to Conversion set forth in the Construction Phase Financing Agreement are satisfied on or before the Termination Date set forth in the Construction Phase Financing Agreement (or, to the extent not satisfied, are waived by Fannie Mae). If the Conditions to Conversion set forth in the Construction Phase Financing Agreement are satisfied on or before the Termination Date (or, to the extent not satisfied, are waived by Fannie Mae), the Loan Servicer, on or before the Termination Date, shall issue a Conversion Notice, in which event the Mortgage Loan will convert from the Construction Phase to the Permanent Phase (also as defined in the Construction Phase Financing Agreement) ("Conversion") and Fannie Mae's participation in the financing will continue. If, however, the Conditions to Conversion are not satisfied on or before the Termination Date (or, to the extent not satisfied, are not waived by Fannie Mae) with the result that the Loan Servicer fails to issue a Conversion Notice on or before the Termination Date, the Mortgage Loan will not convert from the Construction Phase to the Permanent Phase, and the Bonds will be subject to special mandatory redemption in whole at a redemption price equal to the principal amount of such Bonds plus accrued interest to the Redemption Date. In the event of such a special mandatory redemption in whole, the redemption price is to be paid with funds provided under the Credit Facility. Alternatively, in lieu of such redemption, such Bonds may be purchased by the Trustee for the account of the Construction Lender. The Termination Date is the date that is the first day of the month following the month in which falls the second anniversary of the Closing Date; the Loan Servicer may request one six-month extension of the Termination Date.

The Conditions to Conversion include, for example, completion of construction of the Project and the achievement of a specified level of occupancy from the leasing of units in the Project. No assurance can be given that all of the Conditions to Conversion will be satisfied or that other events or circumstances may or may not occur as a result of which Conversion will not occur. In addition, even if Conversion occurs, no assurance can be given that the principal amount of the Mortgage Loan, as finally determined in accordance with the Construction Phase Financing Agreement, will not be less than the original principal amount of the Mortgage Loan; if the principal amount of the Mortgage Loan, as finally determined in accordance with the Construction Phase Financing Agreement, is less than the original principal amount of the Mortgage Loan, the principal amount of the Mortgage Loan must, as a Condition to Conversion, be reduced by the Borrower's prepayment of the Mortgage Loan in part; upon such prepayment, a corresponding portion of the Bonds will be subject to special mandatory redemption at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. If such prepayment in part is required as a Condition to Conversion and is not made, Conversion will not occur and the Bonds will be subject to special mandatory redemption in whole. Furthermore, the Construction Phase Financing Agreement provides that upon a default under the Construction Reimbursement Agreement, the Construction Lender may direct Fannie Mae to draw on the Construction Phase Credit Facility and to apply the proceeds of such draw to a prepayment in whole of the Mortgage Loan and a corresponding special mandatory redemption in whole of the Bonds, at par. An event of default under the Construction Phase Financing Agreement that is unique to this transaction is the failure of the Borrower within 90 days from the Closing Date to obtain an amendment to an agreement that provides parking for the Project (the "Amendment"). The Amendment will guarantee that parking will be provided for the Project so long as it continues to be operated as an affordable housing project. Whether to declare such event of default or to provide additional time for compliance is solely at the discretion of the Construction Lender.

Prior to Conversion, Fannie Mae will, pursuant to the Construction Phase Financing Agreement, be protected against risk of loss by the Construction Lender through a Construction Phase Credit Facility acceptable to Fannie Mae. Certain events concerning the Construction Lender, the Construction Phase Financing Agreement and the Construction Phase Credit Facility may result in the prepayment of the Mortgage Loan and a corresponding special mandatory redemption of the Bonds. See “THE BONDS — Redemption—Special Mandatory Redemption” herein.

Fannie Mae has designated Enterprise Mortgage Investments, Inc. (the "Loan Servicer") to service the Mortgage Loan. Fannie Mae may subsequently designate another eligible servicing institution to service the Mortgage Loan or may elect to service the Mortgage Loan itself. See “APPENDIX J — The Loan Servicer" herein.

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

The Project is required to be occupied by persons or families whose incomes satisfy certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable income tax regulations issued under the Code as set forth in a Regulatory Agreement and Agreement and Declaration of Covenants and Restrictions for the Project, dated as of September 1, 2002, and entered into by and between the Administration and the Borrower (the "Tax Regulatory Agreement") and an Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits between the Administration and the Borrower dated as of September 1, 2002, in connection with obtaining low income housing tax credits. In addition, there will be use and occupancy restrictions applicable to the Project under an Agreement for Interest Reduction Payments among the Borrower , the Administration and the Secretary of Housing and Urban Development ("HUD"). See "THE PROJECTS AND THE PRIVATE PARTICIPANTS" herein, APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT" and APPENDIX G--"DESCRIPTION OF THE SECTION 236 PROGRAM" attached hereto. The Project will also be subject to certain income and rent restrictions required under State law.

Any failure of the Borrower to comply with the terms of the Tax Regulatory Agreement may cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes, possibly retroactively as well as prospectively. See "TAX MATTERS" herein. None of the Trustee, the Administration or the Bondholders may cause an acceleration or redemption of the Bonds solely because of a default by the Borrower under the Tax Regulatory Agreement or because interest on the Bonds becomes includable in the gross income of the owners thereof for federal income tax purposes. In addition, the interest rate on the Bonds will not be adjusted in the event that interest payable on the Bonds becomes includable in the gross income of the owners thereof for federal income tax purposes.

The Bonds are subject to optional, mandatory sinking fund, and special mandatory redemption prior to maturity as described under the heading "THE BONDS— Redemption" herein.

The Bonds are special obligations of the Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department in the government of the State of Maryland, payable solely from and secured by, among other property comprising the Trust Estate described in the Indenture, the following: (a) the Mortgage Loan, (b) the Credit Facility, (c) the Net Bond Proceeds, to the extent not disbursed to the Borrower, (d) the Revenues and any other moneys received by the Trustee for the payment of the principal of and interest on the Bonds, including payments received under the Agreement for Interest Reduction Payments, (e) amounts otherwise on deposit in the Funds and Accounts under the Indenture (other than moneys on deposit from time to time in the Rebate Fund, the Costs of Issuance Deposit Account of the Costs of Issuance Fund and the Fees Account), and (f) certain Investment Income (excluding Investment Income earned on amounts on deposit in the Rebate Fund and the Costs of Issuance Deposit Account of the Costs of Issuance Fund). The Administration has no taxing power. **The Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department. The Bonds are not, under any circumstances, payable from or secured by any other assets of the Administration not expressly pledged to payment of the Bonds, including, without limitation, the Administration's General Bond Reserve Fund.**

Fannie Mae's obligations with respect to the Bonds are solely as provided in the Credit Facility. A copy of the Credit Facility is attached hereto as Appendix K. The obligations of Fannie Mae under the Credit Facility will be obligations solely of Fannie Mae, a federally chartered stockholder-owned corporation, and will not be backed by the full faith and credit of the United States. The Bonds are not a debt of the United States of America or any agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not guaranteed by the full faith and credit of the United States of America.

Brief descriptions of the Bonds, the security for the Bonds, the Administration, Fannie Mae, the Borrower and the Project are included in this Official Statement together with summaries of the Indenture, the Financing Agreement, the Tax Regulatory Agreement and the Disclosure Agreement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Financing Agreement, the Tax Regulatory Agreement, the Reimbursement Agreement, the Disclosure Agreement, the Credit Facility and other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto in the aforementioned documents, copies of all of which are available for inspection in the designated office of the Trustee.

THE BONDS

General

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

Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and be payable on each May 1 and November 1 of each year, commencing on May 1, 2003 (each an "Interest Payment Date") calculated from the Interest Payment Date next preceding the date of authentication of the Bonds, provided that if the date of authentication is an Interest Payment Date for which interest has been paid or is after the Record Date, but prior to the next Interest Payment Date, the Bonds shall bear interest from such Interest Payment Date; provided further that if the date of authentication is prior to the Record Date for the first Interest Payment Date, the Bonds shall bear interest from the Dated Date of the Bonds. Notwithstanding the foregoing, if, at the time of authentication of any Bond, interest on the Bond is in default, the Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has theretofore been paid on the Bond, from the Dated Date of the Bond.

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

Optional Redemption

The Bonds are not subject to optional redemption prior to November 1, 2012. On and after November 1, 2012, the Bonds will be subject to optional redemption at par plus accrued interest, if any, to the Redemption Date only upon optional prepayment of the Mortgage Loan in accordance with the Mortgage Loan Documents. Optional redemption will occur on the first day of any month for which timely notice of redemption can be given.

Optional redemption pursuant to the Indenture is not permitted unless (a) the redemption is effected solely with Available Moneys or (b) Fannie Mae provides its prior written consent to a redemption with other than Available Moneys. Notwithstanding any other provision of the Indenture to the contrary, optional redemption of the Bonds will not be permitted, unless, on or before the Redemption Date, the Trustee has on hand Available Moneys in an amount sufficient to pay the End Period Payment on the Redemption Date. Neither the Administration, Fannie Mae nor the Loan Servicer will have any responsibility or liability to provide funds to be included in the End Period Payment.

Special Mandatory Redemption

The Bonds are subject to special mandatory redemption as set forth below. Unless otherwise specified in any paragraph below, each special mandatory redemption will be (a) effected on the earliest practicable Redemption Date for which timely notice of redemption can be given pursuant to the Indenture following the occurrence of the event requiring such redemption and (b) at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest on such Bonds to the Redemption Date. Bonds subject to special mandatory redemption in part will be redeemed in Authorized Denominations; if the Trustee receives an amount for the special mandatory redemption of the Bonds which is not equivalent to an Authorized Denomination, Bonds will be redeemed in an amount equal to the next lowest whole integral of an Authorized Denomination to the amount received by the Trustee, with any excess to be held in the Redemption Account and used to pay the redemption price of Bonds on the redemption date. The Bonds will be redeemed:

(a) in part, in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment and in the amount of such payment;

(b) in part, in the event and to the extent that amounts remaining in the Mortgage Loan Fund are transferred to the Redemption Account pursuant to the Indenture for application to the redemption of Bonds;

(c) in whole, if the Loan Servicer does not issue the Conversion Notice on or before the Termination Date, unless Fannie Mae shall otherwise direct the Trustee and the Loan Servicer in writing;

(d) in whole or in part, at the direction of Fannie Mae, in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation, or any award as part of a settlement in lieu of condemnation, of the Project (in any of such events, "Proceeds") are not applied in accordance with the Financing Agreement and the Mortgage Loan Documents, after payment of the expenses, if any, of collecting the Proceeds, to restoring or repairing the Project or, with the prior written consent of Fannie Mae, otherwise used for improvements to the Project, or applied to the reimbursement of amounts owed to Fannie Mae pursuant to the Reimbursement Agreement. Such special mandatory redemption will be:

(i) (A) in whole, following the involuntary destruction or loss of the Project in its entirety or nearly in its entirety, (B) funded with the Proceeds, with funds on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) and with funds provided by the Borrower pursuant to the Financing Agreement, provided that the Trustee will be entitled to an Advance under the Credit Facility, in accordance with its terms, to the extent that the sum of the Proceeds, funds on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) and funds provided by the Borrower pursuant to the Financing Agreement are insufficient to redeem all of the Bonds Outstanding and (C) deemed a corresponding involuntary prepayment of the Mortgage Loan; or

(ii) (A) in part, following the involuntary destruction or loss of the Project in part, (B) funded with the Proceeds, (C) in a principal amount equal to the next lowest whole integral of an Authorized Denomination to which such Proceeds can be rounded with any remaining Proceeds to be held in the Redemption Account and (D) deemed a corresponding involuntary prepayment of the Mortgage Loan in part;

(e) in whole or in part, at the written direction of Fannie Mae given to the Trustee and in the amount specified by Fannie Mae if the redemption is in part, as follows:

(i) in whole, prior to the Conversion Date, or in whole or in part on or after the Conversion Date, upon the occurrence of an Event of Default under, and as respectively defined in, the Security Instrument, any Credit Facility Agreement or the Financing Agreement; or

(ii) in whole, upon the occurrence of a "Borrower Default" (including the event described in paragraph (c) above) as defined in the Construction Phase Financing Agreement; or

(f) in whole or in part, after the Conversion Date, in the event and to the extent that funds in the General Account in excess of the minimum balance required to be maintained therein on the basis of the Cash Flow Projection are transferred in any month to the Redemption Account pursuant to the Indenture.

Mandatory Sinking Fund Redemption

The Bonds maturing on May 1, 2022, May 1, 2034 and May 1, 2035 shall be subject to mandatory sinking fund redemption in part, by lot, prior to maturity, from sinking fund installments on the dates and in the amounts set forth in the table below. The redemption price shall be equal to 100% of the principal amount of Bonds to be redeemed (and, therefore, without premium), plus accrued interest to the Redemption Date.

Series 2002 C Term Bonds Maturing May 1, 2022

Redemption Date (November 1)	Redemption Amount	Redemption Date (May 1)	Redemption Amount
2014	$90,000	2015	$95,000
2015	100,000	2016	105,000
2016	105,000	2017	110,000
2017	110,000	2018	120,000
2018	110,000	2019	65,000
2019	70,000	2020	70,000
2020	70,000	2021	75,000
2021	75,000	2022	75,000

Series 2002 C Term Bonds Maturing May 1, 2034

Redemption Date (November 1)	Redemption Amount	Redemption Date (May 1)	Redemption Amount
2022	$40,000	2023	$45,000
2023	45,000	2024	45,000
2024	45,000	2025	50,000
2025	50,000	2026	50,000
2026	50,000	2027	55,000
2027	60,000	2028	60,000
2028	60,000	2029	65,000
2029	70,000	2030	70,000
2030	70,000	2031	75,000
2031	75,000	2032	80,000
2032	80,000	2033	85,000
2033	85,000	2034	90,000

Series 2002 C Term Bonds Maturing May 1, 2035

Redemption Date (November 1)	Redemption Amount	Redemption Date (May 1)	Redemption Amount
2022	$35,000	2023	$35,000
2023	35,000	2024	40,000
2024	40,000	2025	40,000
2025	40,000	2026	45,000
2026	45,000	2027	45,000
2027	45,000	2028	50,000
2028	50,000	2029	50,000
2029	55,000	2030	55,000
2030	60,000	2031	60,000
2031	65,000	2032	65,000
2032	65,000	2033	65,000
2033	70,000	2034	70,000
2034	165,000	2035	170,000

If less than all of the Bonds of a specific maturity shall have been redeemed other than from sinking fund installments applicable to such Bonds, the principal amount of Bonds of such maturity to be redeemed in each year from sinking fund installments will be decreased pro rata among all sinking fund installments applicable to such Bonds.

Notice of Redemption

Notice of the call for redemption of any Bonds (with a copy to the Administration) will be given by the Trustee in the name and on behalf of the Administration by mail not less than 30 nor more than 45 days prior to the specified Redemption Date, to the Registered Owner of each Bond to be redeemed at the address of such Registered Owner as shown on the Bond Register. Notwithstanding the foregoing, so long as the Book Entry System is maintained in effect, the Trustee must give notice of redemption only to the entity designated in the Representation Letter.

NEITHER FAILURE TO GIVE OR RECEIVE ANY NOTICE OF REDEMPTION AS REQUIRED UNDER THE INDENTURE, FAILURE TO GIVE TIMELY NOTICE NOR ANY DEFECT IN ANY NOTICE (OR IN ITS CONTENT OR IN THE MANNER IN WHICH NOTICE IS GIVEN) WILL AFFECT THE VALIDITY OR SUFFICIENCY OF ANY PROCEEDINGS FOR THE REDEMPTION OF THE BONDS TO BE REDEEMED.

Any notice of optional redemption will be revoked by the Trustee and the redemption canceled if the Trustee does not, on a redemption date, have sufficient funds, as permitted or required by the Indenture, to redeem the Bonds called for redemption on the Redemption Date. The Trustee is instructed to give notice of revocation in the same manner for the giving of notice of redemption, or by Electronic Means confirmed in writing.

Redemption Payments

Notice of redemption having been given in the manner described above and as provided in the Indenture and all conditions precedent to redemption having been satisfied, the Bonds so called for redemption will become due and payable on the Redemption Date, and interest on the Bonds will cease to accrue from and after the Redemption Date; the holders of the Bonds so called for redemption will thereafter no longer have any security or benefit under the Indenture except to receive payment of the redemption price for such Bonds upon surrender of such Bonds to the Trustee. Except during any period in which the Bonds are subject to the Book Entry System:

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

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

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

Selection of Bonds To Be Redeemed Upon Partial Redemption of Bonds

If less than all of the Outstanding Bonds are to be called for redemption (other than mandatory sinking fund redemption), Bonds to be redeemed will be selected by the Trustee on a reasonably proportionate basis, as provided in the Indenture, in minimum amounts of $5,000, from among all the then existing maturities of the Bonds Outstanding. In the case of an optional redemption from an optional prepayment of the Mortgage Loan, the Trustee will make its selection immediately following receipt of notice of the optional prepayment. In the case of a special mandatory redemption, the Trustee will make its selection immediately following:

(a) a transfer of funds pursuant to the Indenture with respect to a special mandatory redemption from excess Mortgage Loan Fund moneys;

(b) a transfer of funds pursuant to the Indenture with respect to a special mandatory redemption from excess cash flow distributions;

(c) receipt of funds with respect to a special mandatory redemption as a result of a casualty or condemnation;

(d) receipt of funds from Fannie Mae with respect to a special mandatory redemption as a result of a default or upon failure of the Loan Servicer to issue a Conversion Notice prior to the Termination Date; or

(e) receipt of the Borrower's Pre-Conversion Loan Equalization Payment triggering a special mandatory redemption of Bonds pursuant to the Indenture.

With respect to certain special mandatory redemptions in part pursuant to the Indenture, the sufficiency of the scheduled cash flow from the monthly payments to be made under the Mortgage Note and Investment Income with respect to the General Account to pay the principal of and interest on the Bonds and the Third Party Fees (to the extent included in the Mortgage Note Rate) when due and payable, following such redemption, will be established by a then current Cash Flow Projection verified by a Verification Report (upon each of which the Trustee may rely), each prepared and delivered to the Trustee, Fannie Mae, Moody's and the Loan Servicer, at the Borrower's expense, at least 30 days prior to the Redemption Date. No such special mandatory redemption may be made unless Moody's has confirmed that such redemption will not have an adverse effect on the then-current rating of the Bonds. In the event that any Bonds of the same maturity are to be redeemed in part, the Trustee will assign to each Bond then Outstanding a distinctive number for each $5,000 of the principal amount of such Bond and from the numbers so assigned to such Bonds, the Trustee will randomly select as many numbers as, at $5,000 for each number, will equal the principal amount of such Bonds to be redeemed. The Bonds within a maturity that are to be redeemed will be the Bonds to which are assigned the numbers selected by the Trustee, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 will be redeemed as will equal $5,000 for each number assigned to it and so selected. Bonds may be redeemed only in Authorized Denominations. The Bonds selected for redemption as described in this paragraph and in the Indenture will not be deemed Outstanding. If there is called for redemption less than the entire principal amount of a Bond, the Administration is to execute and the Trustee is to authenticate and deliver, upon surrender of such Bond, without charge to the holder of such Bond, in exchange for the unredeemed principal amount of such Bond, Bonds of the same maturity, interest rate, principal amount, series and tenor in any Authorized Denomination in the amount of the unredeemed principal of the surrendered Bonds.

Purchase of Bonds in Lieu of Redemption

Unless otherwise expressly provided in the Indenture, if at any time Available Moneys are held in any Fund or Account to be used to redeem Bonds, in lieu of such redemption the Borrower may, in writing, direct the Trustee to use part or all of such moneys to purchase Bonds which would otherwise be subject to redemption from such moneys. The purchase price of such Bonds (excluding accrued interest, but including any brokerage and other charges) cannot exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of the provision of the Indenture described in this paragraph (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds). Any such purchase must be completed prior to the time notice would otherwise be required to redeem the Bonds and may not occur, without the consent of the Trustee, after a Record Date. All Bonds so purchased will be canceled by the Trustee and the face amount of the Bonds so purchased will be applied as a credit against the Administration's obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices will be used to purchase or redeem additional Bonds to the extent permitted by the provisions of the Indenture. The Borrower may, at the expense of the Borrower, direct the Trustee to request the submission of tenders following notice to Bondholders requesting such submission prior to making the purchases described in this paragraph. Notice of acceptance of tenders will be given by first-class mail, postage prepaid, to all registered

Bondholders, or, in the case of Book-Entry Bonds, to DTC, or any successor Securities Depository. The Borrower may specify the maximum and minimum period of time which will transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders will be considered or accepted at any price exceeding the price described in this paragraph. The Trustee shall accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there are tenders at an equal price above the amount of moneys available for purchase, then the Trustee will select by random drawing, in such manner as it shall determine in its discretion, the Bonds tendered which shall be purchased.

Special Purchase in Lieu of Redemption

Subject to the satisfaction of all applicable terms and conditions set forth in the Indenture, if all the Bonds Outstanding are called for redemption in whole under the Indenture at any time that the Construction Phase Credit Facility is in effect, the Bonds may, in lieu of such redemption, be purchased by the Trustee, at the written direction of the Construction Lender, for the account of the Construction Lender. Any purchase of the Bonds pursuant to this provision will be in whole and not in part and will be made on the date the Bonds are otherwise scheduled to be redeemed (the "Special Purchase Date"). The purchase price of the Bonds will be equal to the principal amount of the Bonds otherwise subject to redemption, plus accrued interest, if any, on such Bonds to the Special Purchase Date. The purchase price of the Bonds will be paid from funds advanced by Fannie Mae under the Credit Facility together with the funds otherwise available under the Indenture to otherwise pay the redemption price of the Bonds as directed by Fannie Mae.

Failure To Satisfy Conditions to Conversion

If the Conversion Notice is not issued on or before the Termination Date, (a) Conversion will not occur, (b) the Bonds will be subject to special mandatory redemption pursuant to the Indenture not later than 20 days after the Termination Date unless the Bonds are purchased by or for the account of the Construction Lender pursuant to the Indenture and (c) the Credit Facility will terminate in accordance with its terms.

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

SECURITY FOR THE BONDS

Pledge of Trust Estate

Pursuant to the Indenture, the Administration has assigned and granted a security interest in, and pledged, the property described below to the Trustee, in its capacity as Trustee, to secure the payment of the principal of, premium, if any, and interest on the Bonds when the same become due and payable and to secure Fannie Mae (the "Trust Estate"):

(a) all right, title and interest of the Administration in and to the Financing Agreement, the Mortgage Loan, including the Mortgage Note, the Security Instrument and the other Mortgage Loan Documents, and all amendments, modifications, supplements, renewals and restatements of the foregoing, reserving, however, the Reserved Rights;

(b) all rights to receive payments on the Mortgage Note and under the other Mortgage Loan Documents, including all proceeds of insurance or condemnation awards;

(c) all right, title and interest of the Administration in and to the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Bonds and all Funds, Accounts and Investments under the Indenture (including, but not limited to, moneys, documents, securities, investments, instruments and general intangibles on deposit, or otherwise held by the Trustee under the Indenture), including Investment Income, but excluding moneys on deposit from time to time in the Fees Account, the Rebate Fund, and the Costs of Issuance Deposit Account of the Costs of Issuance Fund (including within such exclusion Investment Income retained in the Costs of Issuance Deposit Account of the Costs of Issuance Fund and Investment Income retained in the Rebate Fund);

(d) all right, title and interest of the Administration to receive Interest Reduction Payments pursuant to the IRP Agreement;

(e) all funds, moneys and securities and any and all rights and interests in property, whether tangible or intangible, from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds by the Administration, or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms of the Indenture; and

(f) all of the proceeds of the foregoing, including, but not limited to, Investments and Investment Income (except as excluded in paragraph (c) above).

Credit Enhancement of the Mortgage Loan

The principal of and interest on the Bonds will be secured by the Mortgage Loan and by Fannie Mae's credit enhancement of the Mortgage Loan, pursuant to the Credit Facility so long as the Credit Facility is in effect and by the Net Bond Proceeds, to the extent not disbursed to the Borrower, and will be further secured by and payable from the Revenues and any other moneys received by the Trustee for the payment of the principal of and interest on the Bonds, including payments received under the Interest Reduction Payments Agreement, amounts otherwise on deposit in the Funds and Accounts (other than moneys on deposit from time to time, in the Rebate Fund, the Costs of Issuance Deposit Account of the Costs of Issuance Fund and the Fees Account) and certain Investment Income.

Fannie Mae's obligations with respect to the Bonds are solely as provided in the Credit Facility. The obligations of Fannie Mae under the Credit Facility will be obligations solely of Fannie Mae, a federally chartered stockholder-owned corporation, and will not be backed by the full faith and credit of the United States. The Bonds are not a debt of the United States of America or any agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not guaranteed by the full faith and credit of the United States of America.

See "APPENDIX J - FANNIE MAE" and "APPENDIX K- CREDIT FACILITY" herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	
Proceeds From Sale of the Bonds	$5,845,000
Total Sources:	$5,845,000
Uses:	
Mortgage Loan Fund Deposit – Project Account	$5,515,000
Mortgage Loan Fund Deposit – Capitalized Funds Account	330,000
Total Uses:	$5,845,000

BONDHOLDERS' RISKS

The following is a summary of certain risks associated with the purchase of the Bonds. This summary is not intended to be a comprehensive list of the risk factors associated with the Bonds. The Bonds are to be payable from payments to be made by the Borrower under the Mortgage Note. The Borrower's obligation to make such payments pursuant to the Financing Agreement and Mortgage Note is nonrecourse and secured only by the Security Instrument. The Borrower's ability to make such payments is subject to financial conditions applicable to the Borrower and the Project which may change in the future to an extent that cannot be determined at this time.

Failure To Satisfy Conditions to Conversion

If the Conversion Notice is not issued on or before the Termination Date, (a) Conversion will not occur, (b) the Bonds will be subject to either special mandatory redemption pursuant to the Indenture not later than 20 days after the Termination Date or to purchase by or for the account of the Construction Lender pursuant to the Indenture and (c) the Credit Facility will terminate in accordance with its terms.

Construction Lender

Pursuant to the Construction Phase Financing Agreement, the Construction Lender has provided to Fannie Mae the Construction Phase Credit Facility in the form of a Letter of Credit (the "Letter of Credit"). The Letter of Credit is to be used to reimburse Fannie Mae in the event Fannie Mae is required to pay amounts under the Credit Facility during the Construction Phase. Under the terms of the Construction Phase Financing Agreement, Fannie Mae will be authorized, subject to the terms and conditions of the Construction Phase Financing Agreement, to draw on the Letter of Credit in certain events, including, but not limited to, (a) a default by the Borrower under the Mortgage Note, (b) the receipt by Fannie Mae of a notice from the Trustee requesting payment from Fannie Mae under the Credit Facility, and (c) the failure to satisfy the Conditions to Conversion on or before the Termination Date. In addition, the Construction Lender may direct Fannie Mae, upon the occurrence of a default under the Construction Reimbursement Agreement, to draw on the Letter of Credit to effect a corresponding special mandatory redemption or purchase of the Bonds in whole with funds drawn on the Credit Facility. An event of default under the Construction Phase Financing Agreement that is unique to the transaction is the failure of the Borrower within 90 days from the Closing Date to obtain the Amendment. The Amendment will guarantee that parking will be provided for the Project so long as it continues to be operated as an affordable housing project. Whether to declare such event of default or to provide additional time for compliance is solely at the discretion of the Construction Lender. The Letter of Credit does not secure the Bonds.

Bankruptcy of Borrower

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

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

Failure To Complete Project

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

Reduction in Authorized Mortgage Loan Amount

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

No Acceleration or Redemption Upon Loss of Tax Exemption

The Borrower has covenanted and agreed to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenant. See "TAX MATTERS" herein. However, the Borrower's covenant to comply with the requirements of the Code is nonrecourse to the Borrower, and the Borrower's liability is limited to the revenues and assets comprising the Project. Furthermore, the Borrower's failure to comply with such provisions will not constitute a default under the Mortgage Loan and will not give rise to a redemption or acceleration of the Bonds (unless Fannie

Mae determines, at its option and in its sole and absolute discretion, that such failure will constitute such a default) and is not the basis for an increase in the rate of interest payable on the Bonds. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law, and neither the Administration, the Trustee nor the Bondholders will have remedies available to them to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower's noncompliance.

Failure of Provider of the Investment Agreement To Make Payments Thereunder

Scheduled payments made under the Mortgage Note are made on a monthly basis and scheduled payments on the Bonds are made semiannually. Until applied to make payment on the Bonds, payments received on the Mortgage Note may be invested under an Investment Agreement. Failure of the provider of the Investment Agreement to make payments thereunder may adversely affect the ability of the Trustee to make payments on the Bonds. In addition, a reduction in the rating of the Investment Agreement Provider or a deterioration in its financial strength may adversely affect the rating on the Bonds. See "VERIFICATION OF CASH FLOWS—Sufficiency of Cash Flow" herein.

Performance of the Project

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

Environmental Matters

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

Early Redemption

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

LIMITED LIABILITY

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

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

THE ADMINISTRATION

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

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

General Information

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

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

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

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

The Division of Credit Assurance, the insuring division of the Department, provides certain asset management, monitoring and workout related services to the Department and its divisions and agencies, including the Administration.

The Division of Finance and Administration under the direction of the Chief Financial Officer of the Department provides budget, accounting, auditing and administrative services to the Department. In addition, the Administration has a finance office which handles finance and accounting for lending and bond activities and insurance activities, under the direction of the Chief Financial Officer of the Department who reports to the Director of the Administration with respect to its financial functions.

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

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

The Administration pays costs and expenses of operating its programs from earnings received from its programs financed by 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 Anne P. Konrad, Director, Finance, at (410)514-7326.

Limited Involvement of the Administration

The Administration has no obligation to review, control or oversee the activities of the Trustee or the Borrower or the compliance by either of them with any covenants or provisions of any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the Bonds.

The Administration is indemnified by the Borrower against certain costs and liabilities as set forth in the Bond Documents.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The following has been provided solely by the Borrower. Neither the Administration, the Trustee, Fannie Mae, the Loan Servicer nor the Underwriter, nor any of their counsel, officers or employees, make any representations as to the accuracy or sufficiency of the following information.

The Project

Orchard Mews Apartments (the "Project") will be a multifamily residential development to be located in Baltimore, Maryland. Construction of the Project and initial occupancy at rents approved by Fannie Mae is expected to be completed by August 1, 2003. The Borrower has represented that, prior to the Closing Date, it expects to have obtained all necessary approvals and permits to proceed with the construction of the Project as described herein. The Project will be comprised of 14 buildings containing a total of 101 units. The unit mix will be as follows: 36 two-bedroom units, 45 three-bedroom units, and 20 four-bedroom units.

The Section 236 Program

The Project receives interest reduction payments pursuant to Section 236 of the National Housing Act, as amended, and regulations promulgated thereunder (the "Section 236 Program"). The Interest reduction payments are tied to the original FHA-insured mortgage loan on the Project, and have a remaining term of approximately 15 ½ years.

The Borrower intends to preserve the Project as affordable housing pursuant to Section 236(e)(2) of the National Housing Act, as amended, as implemented by Notice H 00-8 issued on May 16, 2000. Under that Notice, interest reduction payments may continue being paid on behalf of the Borrower after the original FHA-insured mortgage is prepaid if the property is preserved as affordable housing. On July 31, 2002 HUD approved a proposal to preserve the Project and continue the interest reduction payments to the Borrower upon acquisition of the Project. HUD will enter into an Agreement for Interest Reduction Payments (the "IRP Agreement") with the Borrower and the Administration under which HUD will be obligated to make such interest reduction payments to the Administration on behalf of the Borrower for the remaining term of the original FHA-insured mortgage (a period of approximately 15 ½ years) unless the Borrower defaults under the terms of the IRP Agreement. See Appendix G - "DESCRIPTION OF SECTION 236 PROGRAM OF THE ADMINISTRATION."

The Project and certain project tenants also receive subsidies from HUD under a Housing Assistance Payments Contract discussed below under "Regulatory Agreements."

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

The Borrower

The Borrower is Orchard Mews-Baltimore Limited Partnership, a Maryland limited partnership formed for the specific purpose of developing and owning the Project. AMTAX Holdings 2001-HH , LLC, an Ohio limited liability company and a subsidiary of Paramount Financial Group (the "Tax Credit Limited Partner"), will be the limited partner of the Borrower with a 99.9% interest in the Borrower. The general partner of the Borrower is Orchard Mews-Baltimore Management, LLC, a Maryland limited liability company ("General Partner") maintaining a 0.1% interest in the Borrower. The General Partner will have general responsibility for supervising the operations of the Borrower, and will be responsible for overseeing the development, construction, and management of the Project.

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the General Partner and the principals thereof are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. The General Partner and the principals thereof may be financially interested in, as officers, partners or otherwise, and devote substantial amount of time to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Mortgage Note and Mortgage are of a nonrecourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Mortgage Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

The Managing Agent

The Project will be managed by Community Realty Management (the "Managing Agent"), a New Jersey corporation organized for the purpose of managing investment real estate holdings.

The principal office of the Managing Agent is located in Pleasantville, New Jersey where it handles all functions associated with full-service property management. Since 1974, The Managing Agent's experience includes working with HUD offices located in Newark, Philadelphia, Baltimore, Richmond and San Juan. The Managing Agent also has extensive experience specializing in multi-family housing in New Jersey, Pennsylvania, Maryland, Virginia and the U.S. Virgin Islands.

The Contractor

The general contractor will be Struever Bros. Eccles & Rouse, Inc., a Maryland corporation (the "Contractor").

The Contractor provides residential and commercial construction through its office in Baltimore. Since 1976, the Contractor has worked with private and public entities to build health care facilities, Tax Credit projects, apartments, and retail facilities.

The Architect

The design architect for the Project is The Architectual Team, Inc. (the "Architect"), located in Chelsea, Massachusetts. The Architect has completed more than 100 developments under federal and state financing programs. The majority of the Architect's projects are multi-family residences and senior living communities located throughout the east cost. The Architect has also worked with several government agencies including HUD, the Massachusetts Housing Finance Agency, and various state housing authorities.

Regulatory Agreements

The Project is subject to certain regulatory agreements summarized briefly below.

The Administration and the Borrower will enter into a Regulatory Agreement and Agreement and Declaration of Covenants and Restrictions (the "Tax Regulatory Agreement") with respect to the Project in connection with the issuance of the Bonds. The Tax Regulatory Agreement imposes certain requirements on the Borrower with respect to the tax-exempt status of the Bonds under the Code, which include, among other requirements, (a) a requirement that at least 40% of the units be set aside for rental to persons or families having incomes at or below 60% of area median gross income, adjusted for family size and determined in accordance with Section 142(d) of the Code and (b) a requirement that 100% of the units in the Project be occupied by individuals whose income is 60% or less of the area median gross income. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT" herein for a description of the requirements affecting the operation of the Project in order to assure compliance with the Code and State law.

The Project will also be encumbered by an Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits between the Borrower and the Administration required by Section 42 of the Code, which will, among other things, (a) restrict the income levels of 100% of the tenants in the Project to amounts not greater than 60% of area median income adjusted for family size, and (b) restrict the rents which may be charged for occupancy of units in the Project to not more than 30% of 60% of area median income, adjusted for family size.

The Borrower will enter into a Section 236 Use Agreement with HUD (the "Use Agreement") which will be recorded as a prior covenant against the Project in which the Borrower covenants to maintain the affordability restrictions applicable to the Project under the Section 236 Program and any other federal programs (including the Section 8 program) for a period of five years beyond the expiration of the IRP Agreement.

The Project also benefits from rental subsidies paid under a Housing Assistance Payments Contract (the "HAP Contract") under HUD's Section 8 program with respect to 66 of the units in the Project. Under the HAP Contract, HUD will pay the difference between the Contract rent for a unit and an amount equal to

30% of the income of the tenant occupying such unit. The HAP Contract is subject to cancellation by HUD if the Borrower defaults in its obligations thereunder. Such obligations include maintaining the Project in a decent, safe and sanitary condition and on good repair, and observing any federally imposed restrictions on leasing of units and affordability of rents.

Limited Recourse to Borrower

The Borrower and its partners will not (subject to certain exceptions to nonrecourse liability set forth in the Mortgage Note and the Security Instrument) be personally liable for payments on the Mortgage Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower (subject to certain exceptions to nonrecourse liability set forth in the Mortgage Note and the Security Instrument) be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Mortgage Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its members and managers are included in this Official Statement.

THE MORTGAGE NOTE

The Mortgage Loan will be evidenced by a Mortgage Note. The Mortgage Note will be a nonrecourse obligation of the Borrower (subject to certain enumerated exceptions to nonrecourse liability) to repay the Mortgage Loan and will be secured by the Security Instrument. The Mortgage Note will be payable monthly, interest only, in arrears, to and including the Conversion Date and thereafter will be due and payable in 360 consecutive level monthly installments of principal and interest (computed at the Mortgage Note Rate then in effect on the outstanding principal amount of the Mortgage Note) beginning on the first day of the month following the month in which the Conversion Date occurs until the entire indebtedness evidenced by the Mortgage Note is paid in full, provided that any remaining indebtedness, if not sooner paid, will be due and payable on the thirtieth anniversary of the Conversion Date, but in any event not later than April 1, 2035. The Mortgage Note is subject to optional and mandatory prepayment at the times, in the manner and on the terms set forth therein.

The Mortgage Note will bear interest at the “Mortgage Note Rate.” The Mortgage Note Rate is (i) 5.67% per annum for the period beginning on the Closing Date (the “Accrual Commencement Date”) to, but not including, the Conversion Date, and (ii) 6.51% per annum for the period beginning on the Conversion Date to, but not including, the date on which the Mortgage Note is paid in full.

The Mortgage Note Rate (as defined in the Financing Agreement) shall be comprised of:

(a) a fixed pass-through rate of interest (the “Pass-Through Rate”), which will be a rate sufficient to pay when due the interest on the Bonds and the Third Party Fees; and

(b) “Set Rate Interest,” which (i) prior to the Conversion Date, will be a percentage equivalent to the Facility Fee payable to Fannie Mae and (ii) on and after the Conversion Date, will be a percentage equivalent to the sum of (A) the Facility Fee payable to Fannie Mae and (B) the Servicing Fee payable to the Loan Servicer.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Administration and the owners of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Financing Agreement, the Regulatory Agreement and the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds, the Financing Agreement, the Regulatory Agreement and the Indenture may be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by equitable remedies and proceedings generally, by common law and statutes affecting enforceability of contractual obligations generally and by principles of public policy concerning, affecting or limiting the enforcement of remedies against governmental entities such as the Administration.

TAX MATTERS

Federal Tax Exemption

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

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Administration and Borrowers in connection with the Bonds, and Bond Counsel has assumed compliance by the Administration and 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 Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, is exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland franchise taxes or estate or inheritance taxes.

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

Certain Ongoing Federal Tax Requirements and Covenants

The Code imposes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that the interest on the 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 Bonds, low-income occupancy targeting, 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 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 to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The Administration will deliver its Tax Certificate concurrently with the issuance of the Bonds which will contain provisions relating to compliance with the requirements of the Code. The Administration also will require the Borrower to make certain covenants in the Mortgage Loan Documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Administration or the owners of the Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Bonds for Federal income tax purposes. Furthermore, such Federal tax compliance covenants will be subordinate to the rights of Fannie Mae under the Mortgage Loan Documents and the enforcement of such covenants will be subject to Fannie Mae approval.

Low-income Set-aside Requirements under the Code

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

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

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and 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 not included in gross income for Federal income tax purposes. Interest on the 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.

Possible Government Action

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

LITIGATION

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

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving opinion of Hawkins, Delafield & Wood, as Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix H.

Certain legal matters will be passed upon for the Administration by an Assistant Attorney General of the State of Maryland as Counsel to the Department, for Fannie Mae by its Legal Department and by Arent

Fox Kintner Plotkin & Kahn, PLLC, Washington, D.C., for the Borrower by Nixon Peabody LLP, Washington, D.C., and McGuireWoods LLP, Baltimore, Maryland, and for the Underwriters by Hunton & Williams, Washington, D.C. Fees and expenses of certain of the above-mentioned counsel are contingent upon issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Maryland and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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

The remedies available to the bondholders upon a default under the Indenture or Financing Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture and the Financing Agreement may not be readily available or may be limited.

CONTINUING DISCLOSURE

The Borrower will enter into a Continuing Disclosure Agreement dated as of September 1, 2002 (the "Disclosure Agreement") with the Issuer and the Trustee, acting as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See APPENDIX F— "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

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

VERIFICATION OF CASH FLOWS

The mathematical accuracy of certain computations included in the schedules provided by Caine Mitter & Associates, Incorporated, (the "Financial Advisor") on behalf of the Administration relating to the computation of the cash flows for the projected payments of principal and interest on the Mortgage Loan and the sufficiency of such payments together with certain amounts held under the Indenture for the payment of the principal of and interest on the Bonds and certain fees will be verified by Causey, Demgen & Moore Inc. (the "Verification Agent"). The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

Sufficiency of Cash Flow

Fannie Mae does not guarantee the payment of the principal of, premium, if any, or interest on, the Bonds or the return on any investment. The interest rate on the Mortgage Loan has been established at a rate such that payments on the Mortgage Loan (and any interest earned on such payments during the period they are on deposit with the Trustee) are expected by the Borrower, on the basis of a Cash Flow Projection prepared by the Financial Advisor to be sufficient to pay the principal of and interest on the Bonds, the Servicing Fee of the Loan Servicer, the Fannie Mae Facility Fee and Third Party Fees (to the extent included in the Mortgage Note Rate). The Cash Flow Projection takes into consideration the projected investment earnings on certain moneys on deposit in the various Funds and Accounts at an assumed investment rate of 1.25% until September 5, 2004 and thereafter at a rate of 2.5%. In the event that the investment earnings on any investment is less than the return anticipated in the Cash Flow Projections or if there is an error in the Cash Flow Projections, there may not be sufficient amounts available to pay the principal of and interest on the Bonds. This could result in a payment default on the Bonds even though there is no default under the Mortgage Loan or under the Credit Facility. The remedies of the Trustee are limited in this event.

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

RATINGS

Moody's Investors Services ("Moody's") has assigned the rating set forth on the cover hereof to the Bonds. Such rating expresses only the views of such rating agency. An explanation of the significance of the rating may be obtained from such rating agency at 99 Church Street, New York, New York 10007. There is no assurance that such rating will continue for any given period of time or will not be revised or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Administration, the Underwriters, Fannie Mae, the Loan Servicer nor the Borrower has undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed downward revision or withdrawal of a rating of the Bonds, or to oppose any such proposed downward revision or withdrawal; however, pursuant to the Disclosure Agreement, the Borrower is obligated to provide notice of any rating change to each nationally recognized municipal securities information repository.

UNDERWRITING

The Bonds (other than the Placed Bonds) (the "Underwritten Bonds") are being purchased on a negotiated basis by Legg Mason Wood Walker, Incorporated, Bear, Stearns & Co. Inc., Ferris, Baker Watts Incorporated, and UBS PaineWebber Inc. (the "Underwriters"). The Underwriters have agreed to purchase the Underwritten Bonds at a price equal to the principal amount thereof, plus accrued interest. The Underwriters will receive a fee of $83,848.37, relating to their purchase of the Underwritten Bonds and their placement of the Placed Bonds, from which the Underwriters will pay certain expenses. The Bond Purchase Agreement between the Administration, the Underwriters, and an institutional purchaser, dated as of August 23, 2002 (the "Purchase Contract") provides that the Underwriters will purchase all but not less than all of the Underwritten Bonds. The Underwriters' obligations to make such purchases are subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Underwritten Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell any of the Underwritten Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof. The Placed Bonds are being sold by the Administration to an institutional purchaser.

MISCELLANEOUS

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Administration and the purchasers or owners of any of the Bonds. The use of this Official Statement has been duly approved by the Administration and the Borrower.

* * * * *

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

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT

By: /s/
Harry D. Sewell, Director

August 23, 2002

Approved:

ORCHARD MEWS-BALTIMORE LIMITED PARTNERSHIP,
a Maryland limited partnership

By: Orchard Mews-Baltimore Management, LLC, a Maryland limited liability company, its Managing General Partner

By: /s/
Drew T. Fitch, Member

By: /s/
Christopher R. Poulin, Member

APPENDIX A

CERTAIN DEFINITIONS

The following summary of the definitions contained in the various documents entered into with respect to the Bonds is a summary only and does not purport to be a complete statement of the contents thereof. Reference is made to the full text of the documents herein described for the complete terms thereof. Capitalized terms used in the body of the Official Statement or in the Appendices and not defined in this Appendix A shall have the meanings provided in the body of the Official Statement.

"Account" means any Account within a Fund.

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

"Act of Bankruptcy" means any proceeding instituted under the Bankruptcy Code or other applicable insolvency law by or against the Issuer.

"Advance" means an advance under the Credit Facility, which may be a Scheduled Payment Advance, a Bankruptcy-Related Advance, or an Extraordinary Advance, as each is defined in the Credit Facility.

"Area Median Gross Income" means the area median gross income for the area in which the Project is located, as determined by HUD in a manner consistent with determinations of lower income families and area median gross income under Section 8.

"Assignment" means the Assignment and Intercreditor Agreement, dated as of September 1, 2002, by and among the Issuer, the Trustee and Fannie Mae, and acknowledged, accepted and agreed to by the Borrower, as it may be amended, modified, supplemented or restated from time to time.

"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.

"Authorized Borrower Representative" means any person who, at any time and from time to time, may be designated as the Borrower's authorized representative by written certificate furnished to the Issuer, the Loan Servicer, Fannie Mae, the Construction Lender (so long as the Construction Phase Credit Facility is in effect), and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer, the Loan Servicer and Fannie Mae) a written certificate identifying a different person or persons to act in such capacity.

"Authorized Construction Lender Representative" means any person from time to time designated by the by-laws or a resolution or other official action or authority of the governing board or authorized officer of the Construction Lender to act on behalf of the Construction Lender as set forth in a written certificate furnished to the Trustee, the Issuer, Fannie Mae and the Loan Servicer containing the specimen signature of such person authorized person. Such certificate may, on the basis of such by-laws, resolution or other official action, designate an alternate or alternates who shall have the same authority, duties and powers as the person initially designated as the Authorized Construction Lender Representative. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Construction Lender Representative is an Authorized Construction Lender Representative until such time as such provider files with it and with the Issuer, the Loan Servicer and Fannie Mae a written certificate identifying a different person or persons to act in such capacity.

"Authorized Denomination" means $5,000 or any integral multiple of $5,000.

"Authorized Officer" means the Secretary, the Deputy Secretary of the Department, the Director, either Deputy Director for Bond Finance, 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.

"Available Moneys" means, as of any date of determination (a) the proceeds of the Bonds, (b) moneys received by the Trustee pursuant to the Credit Facility, (c) any other amounts with respect to which the Trustee has received an Opinion of Counsel to the effect that (1) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (2) payments of such amounts to the Bondholders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code, and (d) Investment Income derived from the investment of moneys described in clause (a), (b) or (c).

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

"Beneficial Owner" means the beneficial owner of any Bond held in book-entry form or the Registered Owner of any Bond held in certificated form.

"Bond" or **"Bonds"** means the Issuer's Multifamily Development Revenue Bonds (Orchard Mews Apartments Project) Series 2002 C in the original aggregate principal amount of $5,845,000.

"Bond Counsel" means (a) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds or (b) after the Closing Date, any law firm selected by the Issuer and acceptable to Fannie Mae, of nationally recognized standing in matters pertaining to the excludability from gross income, for federal income tax purposes, of the interest payable on bonds issued by states and political subdivisions.

"Bond Documents" means the Indenture, the Bonds, the Financing Agreement, the Regulatory Agreement, the Assignment, the endorsement of the Mortgage Note, the Credit Facility, the Tax Certificate, and the Disclosure Agreement and all other documents, agreements and instruments executed and delivered in connection with the issuance, sale, and delivery of the Bonds, as each such document, agreement or instrument may be amended, modified, supplemented or restated from time to time.

"Bondholder," "holder," "Owner," "owner," "Registered Owner" or **"registered owner"** means, with respect to any Bond, the Registered Owner of the Bond.

"Bond Payment Date" means any (a) Interest Payment Date, (b) other date on which interest is payable, including any Redemption Date, each Maturity Date and the date of payment following a declaration of acceleration of the Bonds and (c) date on which principal of the Bonds is payable.

"Bond Register" means the bond register established and maintained by the Trustee pursuant to the Indenture.

"Bond Registrar" means the Trustee or its designee as keeper of the Bond Register.

"Bond Year" means the period of twelve consecutive months ending on November 1 in any year in which Bonds are or will be Outstanding, provided that the first Bond Year shall commence on the Closing Date and end on November 1, 2003.

"Book Entry Bonds" means any Bonds which are issued in book-entry form, as evidenced by a single certificate for each stated principal maturity of the Bonds, and registered in the name of and delivered to a Securities Depository.

"Book Entry System" means an electronic system in which the clearance and settlement of securities transactions is made through electronic book entry changes.

"Borrower" means Orchard Mews-Baltimore Limited Partnership, a Maryland limited partnership.

"**Borrower Documents**" means all documents (including, but not limited to, the Bond Documents, the Mortgage Loan Documents and Construction Phase Credit Documents) to which the Borrower is a party and all other documents to which the Borrower is a party and which are being executed and delivered by the Borrower in connection with the transactions provided for in the Bond Documents, the Mortgage Loan Documents and the Construction Phase Credit Documents.

"**Business Day**" means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the city or cities in which the Principal Office of the Trustee is located are required or authorized by law or executive order to close, (c) on and after the Conversion Date, a day on which banking institutions located in the city in which the Principal Office of the Loan Servicer is located are required or authorized by law or executive order to close, (d) a day on which Fannie Mae is closed or (e) a day on which the Qualified Financial Institution that is a party to an Investment Agreement under paragraph (vii) or (ix) of the definition of Permitted Investments is closed.

"Capitalized Funds Account" means the Capitalized Funds Account of the Mortgage Loan Fund.

"Cash Flow Projection" means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm or other independent third party qualified and experienced in the preparation of cash flow projections for mortgage loans, designated by the Borrower and acceptable to Fannie Mae and the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the scheduled payments due under the Mortgage Note (together with and after taking into account the Initial Debt Service Deposit) and (b) Investment Income with respect to the General Account, to pay the principal of and interest on the Bonds and the Third Party Fees (to the extent included in the Mortgage Note Rate), in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (A) the initial issuance and delivery of the Bonds, as provided in the Indenture, (B) Conversion, or (C) a partial prepayment of the Mortgage Loan and a corresponding partial redemption of Bonds pursuant to the Indenture.

"Closing Date" means the date on which the Bonds are issued and delivered.

"Code" means the Internal Revenue Code of 1986, as amended; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code shall be deemed to include (a) any successor provision of any successor internal revenue law and (b) the applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

"Completion Date" means the date on which the rehabilitation of the Mortgaged Property is completed, in accordance with Fannie Mae's requirements, as evidenced by a certification of the Loan Servicer delivered to the Issuer, the Trustee, Fannie Mae, the Construction Lender and the Borrower.

"Computation Date" means the last day of each Bond Year commencing November 1, 2003, and the date on which the final payment in full of all Outstanding Bonds is made.

"Conditions to Conversion" means the conditions to Conversion set forth in the Construction Phase Financing Agreement.

"Construction Lender" means, so long as the Construction Phase Credit Facility is in effect, Bank of America, N.A., a national bank.

"Construction Phase" means the period beginning on the Closing Date and ending upon the conversion of the Loan to the Permanent Phase.

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

"Construction Phase Credit Facility" means the Letter of Credit delivered by the Construction Lender to Fannie Mae, or any replacement construction phase credit facility acceptable to Fannie Mae.

"Construction Lender" means, so long as the Construction Phase Credit Facility is in effect, Bank of America, N.A., a national bank.

"Construction Reimbursement Agreement" means the Reimbursement Agreement, dated as of September 1, 2002, between the Borrower and the Construction Lender, as such agreement may be amended, modified, supplemented or restated from time to time.

"Construction Phase Financing Agreement" means the Construction Phase Financing Agreement, dated as of September 1, 2002, by and among Fannie Mae, the Loan Servicer and the Construction Lender, as such agreement may be amended, modified, supplemented or restated from time to time.

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

"Conversion Date" means the date specified as such by the Loan Servicer in the Preliminary Notice of Conversion..

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

"Costs of Issuance" means (a) the fees, costs and expenses of (1) the Issuer, the Issuer's counsel and the Issuer's financial advisor, (2) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter's counsel, (3) Bond Counsel, (4) the Trustee and the Trustee's counsel, (5) the Loan Servicer and the Loan Servicer's counsel, if any, (6) Fannie Mae and Fannie Mae's counsel, (7) the Borrower's counsel and the Borrower's financial advisor, if any, (8) the Construction Lender and the Construction Lender's counsel and (9) the Rating Agency, (b) the costs of preparing the initial Cash Flow Projection and the initial Verification Report, (c) costs of printing the offering documents relating to the sale of the Bonds and (d) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and expenses required to be paid to the Loan Servicer in connection with the Mortgage Loan.

"Costs of Issuance Deposit" means the deposit to be made by the Borrower with the Trustee on the Closing Date, as required by the Financing Agreement, to be funded with Net Bond Proceeds and deposited by the Trustee into the Costs of Issuance Fund and used to pay Costs of Issuance.

"Credit Facility" means the Stand-By Credit Enhancement Instrument, dated as of September 5, 2002, issued by Fannie Mae to the Trustee or any Replacement Credit Facility issued by Fannie Mae pursuant to the Indenture.

"Credit Facility Documents" means, individually or collectively, the Reimbursement Agreement, and all other agreements and documents securing Fannie Mae or otherwise relating to the provision of the Credit Facility, as any such agreement may be amended, modified, supplemented or restated from time to time.

"Credit Provider" means, so long as the Credit Facility is outstanding, Fannie Mae, 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.

"Dated Date" means the date designated as such on the face of the Bonds.

"Electronic Means" means telecopy transmission or other similar electronic means of communication approved in writing by Fannie Mae, including a telephonic communication confirmed by writing or written transmission.

"End Period Payment" means, with respect to any optional redemption of Bonds pursuant to the Indenture, the premium due on the Bonds, if any, and interest due on the Bonds from the date of prepayment of the Mortgage Loan to the Redemption Date.

"Event of Default" means, (a) for purposes of the Indenture, the events of default described herein under the caption Appendix B - "Summary of Certain Provisions of the Indenture - Events of Default; Preliminary Notice - Events of Default" and (b) for purposes of the Financing Agreement, the events of default described herein under the caption Appendix D - "Summary of Certain Provisions of the Financing Agreement - Events of Default."

"Extraordinary Items" means, with respect to the Trustee, reasonable compensation for extraordinary services and/or reimbursement for reasonable extraordinary costs and expenses.

"Facility Fee" means the Facility Fee provided for in the Mortgage Note.

"Fannie Mae" means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors and assigns.

"Fannie Mae Commitment" means Fannie Mae's Commitment to the Loan Servicer pursuant to which Fannie Mae has agreed, upon satisfaction of the terms and conditions set forth in Fannie Mae Commitment, to provide credit enhancement for the Mortgage Loan.

"Fees Account" means the Fees Account of the Revenue Fund.

"Final Notice of Conversion" means a written notice by the Loan Servicer to the Issuer, the Trustee, the Borrower, the Construction Lender and Fannie Mae given on or before the Termination Date (a) stating that the Conditions to Conversion have been satisfied on or before the Termination Date or, if any Condition to Conversion has not been satisfied on or before the Termination Date, stating that such Condition to Conversion has been waived in writing by Fannie Mae on or before the Termination Date, and (b) stating that Conversion has occurred.

"Financing Agreement" means the Financing Agreement, dated as of September 1, 2002, among the Issuer, the Trustee and the Borrower, as amended, modified, supplemented or restated from time to time.

"Government Obligations" means direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, the full faith and credit of the United States of America.

"**Highest Rating Category**" has, with respect to an Investment, the following meanings: If the Bonds are rated by a Rating Agency, the term "Highest Rating Category" means, with respect to an Investment, that the Investment is rated by each Rating Agency in the highest rating category provided by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Highest Rating Category" means, with respect to an Investment, that the Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is "A-1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG-1" (for fixed rate) or "VMIG-1" (for variable rate) for one year or less and "Aaa" for greater than one year. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate an Investment and (iii) one of those ratings is below the Highest Rating Category, then such Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, an Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment will be deemed to be rated below the Highest Rating Category. For example, an Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Federal Housing Commissioner.

"Improvements" means the improvements made or to be made upon the Land.

"Initial Debt Service Deposit" means the deposit to be made by the Borrower with the Trustee on the Closing Date, as required by the Financing Agreement and deposited by the Trustee into the General Account.

"Interest Payment Date" means, with respect to each Series of Bonds, May 1 and November 1 of each year beginning May 1, 2003, each Redemption Date, each Maturity Date and the date of acceleration of the Bonds.

"Interest Reduction Payment" means the monthly amount paid by HUD to the Trustee under the IRP Agreement.

"Investment Agreement" means any investment agreement with respect to amounts on deposit in any Fund or Account, as described in paragraph (vii) of the definition of Permitted Investments.

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

"Investments" means any Permitted Investment and any other investment held under the Indenture that does not constitute a Permitted Investment.

"IRP Account" means the IRP Account of the Revenue Fund created by the Indenture.

"IRP Agreement" means the Agreement for Interest Reduction Payments dated as of September 1, 2002 between the Issuer, the Borrower and HUD.

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

"Issuer's Annual Fee" means the Issuer's annual fee equal to 0.25% of the outstanding principal balance of the Mortgage Loan payable by the Borrower semiannually in advance on each Interest Payment Date commencing May 1, 2003, in accordance with the Financing Agreement.

"Land" means the real property described in the Security Instrument.

"Letter of Credit" means the letter of credit to be issued by the Construction Lender to Fannie Mae in accordance with the terms and conditions of the Construction Phase Financing Agreement, as such letter of credit may be amended or replaced in accordance with the Construction Phase Financing Agreement, and including any confirming letter of credit issued in accordance with the terms and conditions of the Construction Phase Financing Agreement.

"Loan Servicer" means Enterprise Mortgage Investments, Inc., as servicer of the Mortgage Loan, and any successor servicer appointed by Fannie Mae.

"Maturity Date" means any maturity date shown in the Indenture.

"Moody's" means Moody's Investors Service, a Delaware corporation, and its successors and assigns, or if it shall be dissolved or shall no longer assign credit ratings to long term debt, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as shall assign credit ratings to long term debt.

"Mortgage Loan" means the loan made by the Issuer to the Borrower pursuant to the terms and provisions of the Financing Agreement and evidenced by the Mortgage Note for the purpose of providing funds to the Borrower to finance the acquisition, construction and equipping of the Mortgaged Property.

"**Mortgage Loan Documents**" means, collectively, the Mortgage Note, the Security Instrument, the Reimbursement Agreement, and all other agreements, documents and instruments evidencing, securing or otherwise relating to the Mortgage Loan, including all amendments, modifications, supplements and restatements of such agreements, documents and instruments, but excluding this Financing Agreement and the Regulatory Agreement.

"Mortgage Loan Fund" means the Mortgage Loan Fund created by the Indenture.

"Mortgage Loan Payments Interest" means, with respect to the Mortgage Loan, the right of the Trustee to receive and retain all payments due and owing under the Mortgage Note, other than (a) Set Rate Interest, comprising the Facility Fee and the Servicing Fee, (b) late charges, (c) default interest, (d) payments for reserves (including all payments for deposit into the Replacement Reserve (as defined in the Replacement Reserve and Security Agreement dated as of September 1, 2002, between the Borrower and the Construction Lender)) and any payments pursuant to any Completion/Repair and Security Agreement, (e) escrows for taxes, insurance and other impositions, (f) any amount due pursuant to any Mortgage Loan Document (including all fees due to Fannie Mae, e.g., without limitation, the Activity Fee and Termination Fee (as defined in the Reimbursement Agreement) due to Fannie Mae) and (g) other amounts which do not constitute principal or interest at the Pass-Through Rate.

"Mortgage Loan Rights" means, with respect to the Mortgage Loan, without limitation (a) all of the rights, and interests, power and authority under the Mortgage Loan Documents and the Financing Agreement to direct actions, grant consents, grant extensions, grant waivers, grant requests, give approvals, give directions, exercise and enforce remedies, exercise forbearance, give releases, make appointments, make decisions, take actions, apply partial payments, apply late charges, receive and apply default interest, receive and apply escrow payments for reserves, taxes, insurance and other impositions, receive and apply funds received pursuant to any Mortgage Loan Document, and, subject to the exclusion set forth below, do all other things that may be done under the Mortgage Loan Documents and (b) the right, power and authority to, and the right, power and authority to assign or delegate the right, power and authority to, enter into and/or receive or accept delivery of and/or be a party to all Mortgage Loan Documents (other than the Mortgage Note and the Security Instrument which are executed and delivered by the Borrower to the Issuer), to be executed and delivered in connection with the Mortgage Loan, and which are not entered into and/or received or accepted by the Issuer, or to which the Issuer is not a party, including, but not limited to, any agreements, documents and instruments ancillary to or otherwise relating to the Mortgage Loan, including agreements with respect to the servicing of the Mortgage Loan and the establishment of custodial and other accounts for the deposit of funds payable by the Borrower under the Mortgage Loan Documents and collected by the Lender, and to vest in any assignee or delegatee, including the Lender, such rights, powers and authority as may be necessary to implement any of the foregoing; "Mortgage Loan Rights" also means, and expressly includes, with respect to the Mortgage Loan, custody of, and exclusive dominion and control over, each Mortgage Loan Document, except, prior to the Conversion Date, the Mortgage Note and the Security Instrument. "Mortgage Loan Rights" does not mean, and expressly excludes, the Mortgage Loan Payments Interest which is assigned by the Issuer to the Trustee and the Reserved Rights.

"Mortgage Note" means the Multifamily Note, executed by the Borrower in favor of the Issuer, together with all addenda and schedules, evidencing the Mortgage Loan, as the same may be amended, modified, supplemented or restated from time to time, or any note executed in substitution therefor, as such substitute note may be amended, modified, supplemented or restated from time to time.

"Mortgage Note Rate" has the meaning given to that term in the Financing Agreement.

"Mortgaged Property" means the Land, the Improvements and the other property encompassed within the meaning of Mortgaged Property under the Security Instrument.

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

"Net Bond Proceeds Account" means the Net Bond Proceeds Account of the Costs of Issuance Fund.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel addressed to the Issuer, the Trustee and, at its request, Fannie Mae, and in form and substance acceptable to the Issuer, the Trustee and Fannie Mae.

"Opinion of Counsel" means a written opinion of legal counsel acceptable to the recipient(s) of the opinion; if the opinion is with respect to an interpretation of federal tax laws or regulations, or bankruptcy matters, such legal counsel shall also be an attorney or firm of attorneys experienced in such matters.

"Outstanding" means, when used with reference to the Bonds at any date as of which the amount of Outstanding Bonds is to be determined, all Bonds which have been authenticated and delivered under this Indenture except:

(i) Bonds canceled or delivered for cancellation at or prior to such date;

(ii) Bonds deemed to be paid in accordance with the Indenture; and

(iii) Bonds in lieu of which others have been authenticated under the Indenture.

In determining whether the owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned or held by or for the account of the Borrower, shall be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are owned or held by or for the account of the Borrower. In determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which are either registered in the name of or known by the Trustee to be held for the account of the Borrower shall be disregarded.

"Pass-Through Rate" means a rate of interest on the Mortgage Note sufficient to pay when due interest on the Bonds and Third Party Fees.

"Permanent Phase" means the permanent phase of the Loan commencing on the Conversion Date.

"Permitted Investments" means, to the extent authorized by law for the investment of moneys of the Issuer:

(i) Government Obligations;

(ii) direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category;

(iii) obligations, in each case rated in the Highest Rating Category, of (a) any state or territory of the United States of America, (b) any agency, instrumentality, authority or political subdivision of a state or territory, (c) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision;

(iv) any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short-term obligations are rated in the Highest Rating Category;

(v) commercial paper rated in the Highest Rating Category;

(vi) interest-bearing negotiable certificates of deposit, interest-bearing time deposits, interest-bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (a) the Qualified Financial Institution's unsecured short-term obligations are rated in the Highest Rating Category or (b) such deposits, accounts or acceptances are fully insured by the Federal Deposit Insurance Corporation;

(vii) an agreement held by the Trustee for the investment of moneys at a guaranteed rate with (a) Fannie Mae or (b) a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or, solely with respect to an Investment of moneys on deposit in the Mortgage Loan Fund, the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or Second Highest Rating Category, as applicable, provided that such agreement is in a form acceptable to Fannie Mae, and provided further that such agreement includes the following restrictions:

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

(2) the agreement, and, if applicable, the guarantee or insurance, is the unconditional and general obligation of the provider, and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider, in accordance with its terms, and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn or suspended by any Rating Agency or falls below the Highest Rating Category or the Second Highest Rating Category, as applicable, the provider must, within 10 days following such event either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (i) or (ii) by depositing collateral with the Trustee or a third party custodian, such collateralization to be effected, in the case of an agreement relating to the Revenue Fund, in a manner and in an amount sufficient to maintain (x) the integrity of any Cash Flow Projection provided with respect to the Bonds and (y) the then current rating of the Bonds, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (i) or (ii) by depositing collateral with the Trustee or a third party custodian, in the case of an agreement relating to the Revenue Fund, in an amount sufficient to maintain (xx) the integrity of any Cash Flow Projection provided with respect to the Bonds and (yy) the then current rating of the Bonds, (B) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category, as applicable or (C) at the request of the Trustee or Fannie Mae, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law. The agreement may provide that the down-graded provider may elect which of the remedies to the down-grade (other than the remedy set out in (C)) to perform. If an agreement described above is entered into which does not require the Qualified Financial Institution providing the agreement to either (a) satisfy the requirements of clause (A) or clause (B) of subparagraph (4) of paragraph (vii) upon a withdrawal or suspension of, or downgrade in, the rating of the Qualified Financial Institution providing, guaranteeing or insuring the agreement or (b) compensate the Trustee for any loss in yield upon reinvestment if the agreement is terminated following a withdrawal or suspension of, or downgrade in, the rating

of the Qualified Financial Institution providing, guaranteeing or insuring the agreement, the yield on the Investment Agreement above the minimum yield permitted by the Rating Agency (presently 1.0% per annum for the two year period following the Closing Date, then 2.50% for the remaining term of the Investment) shall not be taken into account in any Cash Flow Projection provided to the Rating Agency in connection with its rating of the Bonds. Notwithstanding anything else in this paragraph (vii) to the contrary, (a) the term "Second Highest Rating Category" shall be applicable solely to an agreement described in this paragraph (or any guarantee or insurance for such agreement) relating to an Investment of moneys on deposit in the Mortgage Loan Fund, and (b) the only acceptable rating category for an agreement described in this paragraph (or any guarantee or insurance for such agreement) relating to an Investment of moneys on deposit in any Fund or Account other than the Mortgage Loan Fund shall be the Highest Rating Category.

(viii) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAm-G or AAAm by S&P or Aaa by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by Fannie Mae, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (ii) or (iii). If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAm-G or AAAm by S&P, if S&P is a Rating Agency, or Aaa by Moody's, if Moody's is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAm-G or AAAm by S&P or Aaa by Moody's. If at any time (a) the Bonds are not rated, (b) both S&P and Moody's rate a money market mutual fund and (c) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency;

(ix) The Investment Agreement dated September 5, 2002, between Trinity Plus Funding Company, LLC and the Trustee.

(x) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Construction Lender, Fannie Mae and each Rating Agency.

Permitted Investments shall not include any of the following:

(i) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception shall not apply to any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of Bonds pursuant to the Indenture, and Permitted Investments listed in paragraphs (vii) and (ix).

(ii) Except for any obligation described in paragraph (i) or (ii), any obligation with a purchase price greater or less than the par value of such obligation.

(iii) Any asset-backed security, including mortgage-backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities.

(iii) Any interest-only or principal-only stripped security.

(iv) Any obligation bearing interest at an inverse floating rate.

(v) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(vi) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(vii) Any investment described in paragraph (iv) or (vii) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(viii) Any investment to which S&P has added an “r” or “t” highlighter.

"Person" means any natural person, firm, partnership, association, limited liability company, corporation, company or public body.

"Pre-Conversion Loan Equalization Payment" means an optional prepayment in part on or before the Termination Date in order to equalize the principal amount of the Mortgage Loan to the Permanent Phase Mortgage Loan Amount as a means of satisfying one of the conditions to Conversion.

"Preference Claim" means the Trustee's receipt of notice of the making of any claim in connection with seeking the avoidance as a preferential transfer.

“**Preliminary Notice of Conversion**” has the meaning given to that term in the Construction Phase Financing Agreement.

"Principal Office" of the Trustee or the Loan Servicer means, respectively, the office of the Trustee or the Loan Servicer at the respective address set forth in the Indenture, or such other address as may be specified in writing by the Trustee or the Loan Servicer, as applicable, as provided in the Indenture.

"Proceeds" means proceeds of insurance from any casualty to, or proceeds of any award from condemnation, or any award as part of a settlement in lieu of condemnation, of the Project.

"Project" means the multifamily rental housing apartment project located in Baltimore, Maryland to be known as Orchard Mews Apartments.

"Project Account" means the Project Account of the Mortgage Loan Fund.

“**Qualified Financial Institution**” means any of the following entities if specifically approved by the Issuer: (i) bank or trust company organized under the laws of any state of the United States of America,

(ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by Fannie Mae the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to the Construction Lender and Fannie Mae. With respect to an entity which provides an agreement held by the Trustee for the investment of moneys at a guaranteed rate as set out in paragraph (vii) or (ix) of the definition of the term "Permitted Investments" or an entity which guarantees or insures, as applicable, the agreement, a "Qualified Financial Institution" may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

"Rating Agency" means any national rating agency then maintaining a rating on the Bonds.

"Rating Category" means one of the generic rating categories of the Rating Agency.

"Rebate Analyst" means a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in compliance with the arbitrage rebate regulations promulgated under the Code, (b) chosen by the Borrower and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

"Rebate Analyst's Annual Fee" means the annual fee of the Rebate Analyst, if any, in the amount not to exceed $500 per annum in advance payable semiannually on each Interest Payment Date commencing May 1, 2003.

"Rebate Fund" means the Rebate Fund created by the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the month preceding the month in which the Interest Payment Date falls.

"Redemption Account" means the Redemption Account of the Revenue Fund.

"Redemption Date" means any date upon which Bonds are to be redeemed pursuant to the Indenture.

"Registered Owner" means the registered owner of any Bonds, as shown in the Bond Register.

"Regulatory Agreements" means the Tax Regulatory Agreement, the HAP Contract, the IRP Agreement, the Use Agreement, and the Extended Low-Income Housing Covenant for Low-Income Housing Tax Credits between the Issuer and the Borrower dated as of September 1, 2002.

"Reimbursement Agreement" means the Reimbursement Agreement, between Fannie Mae and the Borrower, as amended, modified, supplemented or restated from time to time or any agreement entered into in substitution therefor.

"Replacement Credit Facility" means, at the request of Fannie Mae, the new credit facility that the Trustee exchanged with the Credit Facility.

"**Representation Letter"** means a letter or arrangement executed and delivered by the Issuer and the Trustee with DTC as shall be necessary to effectuate the DTC System, including a letter of representations in the form required by DTC.

"Requisition" means, with respect to the Mortgage Loan Fund, the requisition in the form required by the Indenture required to be submitted in connection with disbursements from the Project Account of the Mortgage Loan Fund, and with respect to the Costs of Issuance Fund, the requisition in the form required by the Indenture required to be submitted in connection with disbursements from the Costs of Issuance Fund.

"Reserved Rights" means those certain rights of the Issuer under the Financing Agreement to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to terminate the Management Agent with cause, its right to inspect and audit the books, records and premises of the Borrower and of the Mortgaged Property, its right to collect attorneys' fees and related expenses, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreement and the Regulatory Agreements.

"Revenue Fund" means the Revenue Fund created by the Indenture.

"Revenues" means all (a) payments made under the Mortgage Note, (b) payments made under the Credit Facility, (c) Investment Income (excluding Investment Income earned from moneys on deposit in the Rebate Fund and the Costs of Issuance Deposit Account of the Costs of Issuance Fund), and (d) all moneys received under the IRP Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, or if it shall be dissolved or shall no longer assign credit ratings to long term debt, then any other nationally recognized statistical rating agency, designated by the Issuer and acceptable to the Trustee, Fannie Mae and the Borrower, as shall assign credit ratings to long term debt.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns, and any replacement securities depository appointed under the Indenture.

"Security" means the Trust Estate and the Credit Facility.

"Security Instrument" means the Multifamily Deed of Trust, Security Agreement and Assignment of Rents, dated as of September 1, 2002, together with all riders and exhibits, securing the Mortgage Note and the obligations of the Borrower to Fannie Mae under the Credit Facility Documents, executed by the Borrower with respect to the Mortgaged Property, as it may be amended, modified, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, modified, supplemented or restated from time to time.

"**Servicing Fee"** means the fee payable to the Loan Servicer for servicing the Mortgage Loan for Fannie Mae on or after the Conversion Date.

"Set Rate Interest" means (a) prior to the Conversion Date, the Facility Fee payable to Fannie Mae and (b) on and after the Conversion Date, the sum of (1) the Facility Fee payable to Fannie Mae and (2) the Servicing Fee payable to the Loan Servicer.

"Special Purchase Bonds" means Bonds purchased by the Trustee, at the written direction of the Construction Lender to the Trustee, if all Bonds outstanding are called for redemption in whole under the Indenture at any time that the Construction Phase Credit Facility is in effect, in lieu of such redemption.

"Special Purchase Date" means this date of purchase of the Special Purchase Bonds which shall be the dates the Bonds are otherwise scheduled to be redeemed.

"Special Purchase Price" means the purchase price of the Special Purchase Bonds equal to the principal amount of the Special Purchase Bonds, plus accrued interest, if any, on the Special Purchase Bonds to the Special Purchase Date.

"State" means the State of Maryland.

"State Lower Income Tenant Occupancy Period" means that period, beginning on the first to occur of (i) September 5 of the year following the first taxable year of the credit period for the federal low-income housing tax credits allocated to the Project or (ii) the date on which the Owner is in compliance with the State Lower Income Tenant Occupancy Requirement and ending on the date which is thirty (30) years after commencement of the State-Lower Income Tenant Occupancy Period. Notwithstanding the foregoing, if Fannie Mae extends the Conversion Date in accordance with the terms of the Construction Phase Credit Documents, the commencement of the State Lower Income Tenant Occupancy Period as set forth in subpart (i) above shall be extended to the Conversion Date as extended.

"State Lower Income Tenant Occupancy Requirement" means the requirement imposed by the Administration that one hundred percent (100%) of the units in the Project (which is 101 units) be occupied by State Lower Income Tenants.

"State Lower Income Tenants" means for 100% of the units in the Project, individuals whose income is 60% or less of Area Median Gross Income as adjusted for family size The percentage of Area Median Gross Income that shall qualify for each family size at the 60% or less of Area Median Gross Income level shall be:

Family of four persons	60%
Family of three persons	54%
Family of two persons	48%
Family of one person	42%

"Supplemental Indenture" means any indenture duly authorized and entered into between the Issuer and the Trustee amending or supplementing the Indenture in accordance with the provisions of the Indenture.

"Tax Certificate" means the Federal Tax Certificate dated the Closing Date, executed and delivered by the Issuer and the Borrower.

"Tax Regulatory Agreement" means the Regulatory Agreement and Declaration of Covenants and Restrictions, dated as of September 1, 2002, relating to the Project, between the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

"**Termination Date**" means the first day of the month following the month that is twenty-four (24) months following the Closing Date, subject to extension by the Loan Servicer pursuant to the Construction

Phase Financing Agreement or by Fannie Mae in its sole discretion, provided that any such extended Termination Date shall not be effective unless the Trustee receives written notice from the Loan Servicer or Fannie Mae, as applicable, of such change.

"Third Party Fees" means, individually or collectively, as the context shall require, the (a) Issuer's Annual Fee, (b) Trustee's Annual Fee and (c) Rebate Analyst's Annual Fee, if any.

"Trust Estate" means the property, rights, money, securities and other amounts pledged and assigned by the Issuer to the Trustee pursuant to the Indenture and the Assignment.

"Trustee" means Allfirst Bank, a state-chartered commercial bank, duly organized and existing under the laws of the State of Maryland, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

"Trustee's Annual Fee" means the annual ongoing trust administration fee of the Trustee equal to $4,000 per annum plus expenses payable as provided in the Financing Agreement, computed and payable semiannually in advance on each Interest Payment Date.

"U.C.C." means the Uniform Commercial Code of the State as in effect now or in the future, whether or not such Uniform Commercial Code is applicable to the parties or the transactions.

"Verification Agent" means an independent firm of certified public accountants, an independent financial advisory firm or other independent third party designated by the Borrower and acceptable to Fannie Mae and the Issuer, qualified and experienced in the verification of the mathematical accuracy of scheduled cash flows and other funds to pay the principal of and interest on bonds and fees, which has been engaged to prepare a Verification Report.

"Verification Report" means a report prepared by a Verification Agent verifying the mathematical accuracy of a Cash Flow Projection.

"Wrongful Dishonor" means a refusal or failure by Fannie Mae to make an Advance to the Trustee upon the proper presentation of a Certificate (and accompanying documents) which conforms to the terms and conditions of the Credit Facility.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Creation of Funds and Accounts

The Indenture creates the following Funds and Accounts with the Trustee:

(i) the Mortgage Loan Fund and within the Mortgage Loan Fund, a Project Account, a 236 Note Payment Account and a Capitalized Funds Account;

(ii) the Revenue Fund and within the Revenue Fund, the General Account, the Redemption Account, the IRP Account, the Credit Facility Account and the Fees Account;

(iii) the Costs of Issuance Fund and within the Costs of Issuance Fund, a Costs of Issuance Deposit Account and a Net Bond Proceeds Account; and

(iv) the Rebate Fund.

Mortgage Loan Fund

Disbursements. Amounts on deposit in the Project Account shall be disbursed by the Trustee, with the approval of the Construction Lender, from time to time for the sole purpose of paying Costs of the Mortgage Property approved by the Construction Lender pursuant to the Construction Phase Credit Documents. Amounts on deposit in the 236 Note Payment Account shall be disbursed for the sole purpose of prepaying in full the Section 236 Note. Amounts on deposit in the Capitalized Funds Account shall be transferred automatically by the Trustee to the General Account monthly, in full or partial satisfaction of monthly interest payments payable by the Borrower under the Mortgage Note, after taking into account amounts on deposit in the IRP Account that are available to pay interest on the Bonds, until the Capitalized Funds Account is depleted. Transfers from the Capitalized Funds Account to the General Account shall be made not later than three (3) Business Days prior to the respective dates on which the Borrower's monthly payments of interest are due.

Revenue Fund - General Account

Deposits Into the General Account and the IRP Account. (A) The Indenture provides that the Trustee shall deposit each of the following amounts into the General Account of the Revenue Fund:

(i) on the Closing Date, the accrued interest, if any, on the Bonds;

(ii) on the Closing Date, the Initial Debt Service Deposit;

(iii) all moneys transferred from the Capitalized Funds Account pursuant to the Indenture;

(iv) all regularly scheduled payments of principal of and interest, if any, on the Mortgage Loan;

(v) interest paid in connection with any prepayment of the Mortgage Loan;

(vi) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Accounts of the Mortgage Loan Fund shall be credited to and be retained in the respective Accounts of the Mortgage Loan Fund, Investment Income earned on accounts on deposit in the Rebate Fund shall be credited to and be retained in the Rebate Fund and Investment Income earned on amounts on deposit in the costs of issuance deposit account shall be credited to and be retained in the costs of issuance deposit account of the Costs of Issuance Fund);

(vii) from time to time, upon receipt, Available Moneys provided pursuant to the Indenture to fund the interest portion of any End-Period Payment; and

(viii) any other moneys made available for deposit into the General Account from any other source.

(B) The Trustee shall deposit upon receipt all moneys received under the IRP Agreement into the IRP Account.

Disbursements From the General Account. The Trustee shall disburse or transfer, as applicable, moneys on deposit in the General Account at the following times and apply such moneys in the following manner and in the following order of priority:

(i) on each Interest Payment Date, the Trustee shall disburse, first from moneys on deposit in the IRP Account, second from moneys transferred from the Capitalized Funds Account to the General Account and third from any other funds in the General Account, an amount equal to the amount of interest due on the Bonds on such Interest Payment Date and shall apply such amount to the payment of such interest so due;

(ii) on each Redemption Date on which a mandatory sinking fund redemption is scheduled to take place, the Trustee shall transfer, first from moneys on deposit in the IRP Account and then from any funds in the General Account, to the Redemption Account an amount of principal equal to the sinking fund redemption payment due on such Redemption Date;

(iii) on each Maturity Date and on the date of acceleration of the Bonds, the Trustee shall disburse, first from moneys on deposit in the IRP Account and then from any funds in the General Account, an amount equal to the principal due on the Bonds on such date and shall apply such amount to the payment of such principal so due;

(iv) (A) on each Interest Payment Date, the Trustee shall transfer from the General Account an aggregate amount equal to that portion of the Issuer's Annual Fee, the Trustee's Annual Fee and the Rebate Analyst's Annual Fee (to the extent included in the Mortgage Note Rate and not paid in advance on the Closing Date) payable on such date (or on any date prior to the next Interest Payment Date) to the Fees Account; and (B) on each Interest Payment Date on or before the Conversion Date, the Trustee shall remit to Fannie Mae, out of the General Account, in accordance with the procedures set forth in the Indenture, the amount set forth in the Indenture;

(v) on each Interest Payment Date following the Conversion Date, and following the disbursement, transfer and application of funds described in the preceding paragraphs (i) through (iv), the Trustee shall transfer any amounts remaining in the General Account in excess of the minimum balance required to be maintained (on the basis of the Cash Flow Projection attached to the Indenture) to the Redemption Account and, following such transfer, shall apply any moneys so transferred (including any moneys so transferred on any prior Interest Payment Date) to the redemption of Bonds as provided in the Indenture; and

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

Revenue Fund - Redemption Account

Deposits Into the Redemption Account. The Trustee shall deposit each of the following amounts into the Redemption Account of the Revenue Fund:

(i) any prepayment of principal of the Mortgage Loan, and any Available Moneys provided by or on behalf of the Borrower pursuant to the Indenture to fund any premium on the Bonds to be paid in connection with such prepayment;

(ii) that portion of any other deposit or transfer of funds representing principal corresponding to the principal to be paid on any optional or special mandatory redemption of Bonds;

(iii) any amount required to be transferred to from the Mortgage Loan Fund the Redemption Account pursuant to various provisions in the Indenture;

(iv) after the Conversion Date, the amounts required to be transferred from the General Account to the Redemption Account, as described above; and

(v) any other amount received by the Trustee and required by the terms of the Indenture or the Financing Agreement to be deposited into the Redemption Account.

Disbursements From the Redemption Account. The Trustee shall disburse moneys on deposit in the Redemption Account at the following times and apply such moneys in the following manner:

(i) on each Redemption Date on which a mandatory sinking fund redemption is scheduled to take place, the Trustee shall apply amounts on deposit in the Redemption Account, including amounts transferred from the General Account, to payment of the sinking fund redemption due on such Redemption Date; and

(ii) on each Redemption Date on which an optional or special mandatory redemption is scheduled to take place, the Trustee shall apply amounts on deposit in the Redemption Account to the payment of principal of and premium, if any, on the Bonds to be redeemed on such Redemption Date.

Revenue Fund - Credit Facility Account

Deposits Into the Credit Facility Account. The Trustee shall deposit all amounts advanced under the Credit Facility, including amounts advanced in respect of the Special Purchase Price of Bonds to be purchased in lieu of redemption, into the Credit Facility Account. No other moneys shall be deposited into the Credit Facility Account. The Credit Facility Account shall be closed at such time as Fannie Mae has no continuing liability under the Credit Facility.

Disbursements From the Credit Facility Account. The Trustee shall, on each date on which a payment is due under the Indenture and in respect of which an Advance is made under the Credit Facility, apply such Advance, on the date such payment is due, to the payment of the amounts in respect of which such Advance was made.

Revenue Fund - Fees Account

Deposits Into the Fees Account. The Trustee shall deposit into the Fees Account (a) amounts provided for in the Indenture and (b) any payment of a Third Party Fee pursuant to the Financing Agreement to the extent that such Third Party Fee is not included in the Mortgage Note Rate.

Disbursements From the Fees Account. The Trustee shall disburse moneys on deposit in the Fees Account on each Interest Payment Date to the payment of Third Party Fees in satisfaction of the obligations of the Borrower under the Financing Agreement. In the event the amount in the Fees Account is insufficient to pay such Third Party Fees, the Trustee shall inform the Loan Servicer and, so long as the Construction Phase Credit Facility is in effect, the Construction Lender and make written demand on the Borrower for the amount of such insufficiency and, pursuant to the terms of the Financing Agreement, the Borrower shall be liable to promptly pay the amount of such insufficiency to the Trustee within Five Business Days after the date of the Trustee's written demand.

Costs of Issuance Fund

Deposits Into Costs of Issuance Fund. On the Closing Date the Borrower shall deliver to the Trustee the Costs of Issuance Deposit (including any portion of the Costs of Issuance Deposit to be funded with Net Bond Proceeds). On the Closing Date, the Trustee shall deposit that portion of the Costs of Issuance Deposit paid directly by the Borrower into the Costs of Issuance Deposit Account and shall deposit that portion of the Costs of Issuance Deposit funded with Net Bond Proceeds into the Net Bond Proceeds Account.

Disbursements from the Costs of Issuance Fund. The Trustee shall disburse moneys on deposit in the Costs of Issuance Fund pursuant to requisitions in the form required by the Indenture, signed by an Authorized Borrower Representative, to pay Costs of Issuance. The Trustee may conclusively rely on such requisitions for purposes of making such disbursements. Moneys on deposit in the Costs of Issuance Deposit Account of the Costs of Issuance Fund shall not be part of the Trust Estate and shall be used solely to pay Costs of Issuance. Moneys on deposit in the Net Bond Proceeds Account of the Costs of Issuance Fund shall be part of the Trust Estate and shall be used to pay Costs of Issuance.

Disposition of Remaining Amounts. Any moneys remaining in the (a) Costs of Issuance Deposit Account six (6) months after the Closing Date and not needed to pay still unpaid Costs of Issuance shall be returned to the Borrower and/or (b) Net Bond Proceeds Account six (6) months after the Closing Date and not needed to pay still unpaid costs of issuance shall be transferred to the Project Account of the Mortgage Loan Fund. Upon final disbursement and/or transfer, the Trustee shall close the Costs of Issuance Fund.

Rebate Fund

On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be withdrawn by the Trustee from the General Account and deposited into the Rebate Fund for such purpose as directed by the Issuer. All money at any time deposited into the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy any rebate requirement (as calculated by the Rebate Analyst) to the United States Government. Neither the Issuer, the Borrower, the Bondholders nor Fannie Mae shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture, the Financing Agreement and the Tax Certificate.

Investment Limitations

Moneys held as part of any Fund or Account shall be invested and reinvested in Permitted Investments. Permitted Investments shall have maturities corresponding to, or shall be available for withdrawal without penalty no later than, the dates upon which such moneys will be needed for the purpose for which such moneys are held. Moneys on deposit in the (a) General Account and the Fees Account shall be invested only in investments described in paragraphs (i), (ii), (iii), (vii) and (viii) of the definition of Permitted Investments, (b) Redemption Account shall be invested only in investments described in paragraph (i) of the definition of Permitted Investments, (c) Credit Facility Account shall be held uninvested, and (d) Costs of Issuance Fund shall, until transferred, disbursed or returned to the Borrower pursuant to the Indenture, be invested only in investments described in paragraph (viii) of the definition of Permitted Investments. Permitted Investments shall be held by or under the control of the Administration and the Trustee. All Investment Income from moneys held in all Funds and Accounts other than the Mortgage Loan Fund, the Rebate Fund and the Costs of Issuance Fund (other than as provided below) upon receipt shall be deposited into the General Account; Investment Income from moneys held in the Mortgage Loan Fund shall be retained in the Mortgage Loan Fund to be disbursed pursuant to the Indenture; Investment Income from moneys held in the Rebate Fund shall be retained in the Rebate Fund; Investment Income from moneys held in the Costs of Issuance Deposit Account shall be retained in the Costs of Issuance Deposit Account.

Discharge of Lien and Security Interest

Discharge. Upon satisfaction of the conditions precedent set out in the Indenture, the Trustee shall (a) execute and deliver to the Issuer such instruments in writing prepared by the Issuer or its counsel and provided to the Trustee and Fannie Mae as shall be required to cancel and discharge the Indenture and the pledge and assignment of the Trust Estate, (b) reconvey, assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control (except for (1) moneys and Government Obligations held for the purpose of paying Bonds and (2) moneys and Permitted Investments held in the Rebate Fund for payment to the United States Government) who shall, in turn, convey, assign and deliver the remaining Trust Estate to the Borrower, and (c) return the Credit Facility to Fannie Mae.

Defeasance

Provision for Payment of Bonds. Any Bond shall be deemed to have been paid within the meaning of the Indenture if:

(i) there has been irrevocably deposited with the Trustee either (A) sufficient Available Moneys or (B) Government Obligations, which are not subject to early redemption and which are purchased with Available Moneys, of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount of such Government Obligations or the interest earnings on Government Obligations (the earnings to be held in trust also), be sufficient, together with any Available Moneys deposited pursuant to the provisions of the Indenture, in each case as verified by a written report of an independent certified public accountant, for the payment on their respective maturity dates, or redemption dates prior to maturity, of the principal of such Bonds and redemption premium, if any, and interest to accrue on such Bonds to such maturity or redemption dates, provided, that the Trustee has received, at the expense of the Borrower (a) an Opinion of Counsel rendered by bankruptcy counsel that such Available Moneys or Government Obligations purchased with Available Moneys are not subject to avoidance under Section 547 or 544 and are not subject to an automatic stay pursuant to Section 362 of the Bankruptcy Code or any successor statute, and, as such, are not recoverable under Section 550(a) of the Bankruptcy Code or other applicable insolvency law, should there be a petition by or against the Borrower, any General Partner of the Borrower or the Issuer under the Bankruptcy Code or any other bankruptcy act, and (b) an Opinion of Bond Counsel to the effect that such deposit with the Trustee and consequent defeasance of the Bonds does not adversely affect the excludability of the interest payable on the Bonds from gross income for federal income tax purposes;

(ii) all Third Party Fees due or to become due have been paid or sufficient additional moneys to make the required payments have been irrevocably deposited with the Trustee; and

(iii) for any such Bonds to be redeemed on any date prior to their maturity, the Trustee has received in form satisfactory to it irrevocable instructions to redeem such Bonds on a date on which the Bonds are subject to redemption, and either evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices.

The Trustee shall redeem the Bonds specified by such irrevocable instructions on the date specified by such irrevocable instructions.

Events of Default; Preliminary Notice

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

(i) default in the payment of any interest due on any Bond (including, unless the Construction Lender specifies otherwise by written notice to the Trustee, a Special Purchase Bond) on any Interest Payment Date or any other date when and as the same becomes due;

(ii) default in the payment of the principal of any Bond (including, unless the Construction Lender specifies otherwise by written notice to the Trustee, a Special Purchase Bond) when and as the same becomes due, whether at the stated maturity of the Bond or upon any redemption of the Bond;

(iii) written notice from Fannie Mae to the Trustee of a default by the Issuer in the observance or performance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds (other than an Event of Default set forth in paragraph (i) or (ii) above) and the continuance of such default for a period of 30 days after written notice of the default from the Trustee to the Issuer and Fannie Mae, the Loan Servicer (on or after the Conversion Date) and the Borrower;

(iv) an Act of Bankruptcy; or

(v) a Wrongful Dishonor under the Credit Facility.

Non-Default and Prohibition of Mandatory Redemption Upon Event of Taxability. The occurrence of any event (a "Tax Event") which results in the interest payable on the Bonds being includable for federal income tax purposes, in the gross income of the Bondholders, including, but not limited to, any violation of any provision of the Regulatory Agreement or any of the other Bond Documents, shall not (a) constitute an Event of Default under the Indenture, the Bonds or any of the other Bond Documents, or permit any party (other than Fannie Mae) to accelerate, or require acceleration of, the Mortgage Loan or the Bonds, or give rise to a mandatory redemption of the Bonds, unless Fannie Mae, in its sole and absolute discretion, provides written notice to the Trustee that such Tax Event constitutes an Event of Default under the Reimbursement Agreement or the Security Instrument, or (b) give rise to the payment to the Bondholders of any amount, denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the Tax Event. Nothing contained in the Indenture shall be deemed to amend or modify the terms of the Mortgage Loan Documents. Promptly upon determining that a Tax Event has occurred, the Issuer or the Trustee shall by notice in writing inform Fannie Mae, the Construction Lender (if the Tax Event occurs at such time as the Construction Phase Credit Facility is in effect), the Loan Servicer and the Registered Owners of the Bonds, inform Fannie Mae that a Tax Event has occurred and whether the Tax Event has been cured, is curable within a reasonable period, or is incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Issuer nor the Trustee shall have, and each of them acknowledges that, except at the direction of Fannie Mae, they shall not have, upon the occurrence of a Tax Event, any right, power, authority or obligation to cause or direct acceleration of the Bonds or the Mortgage Loan, to enforce the Mortgage Note or to foreclose the Security Instrument, to accept a deed to the Mortgaged Property in lieu of foreclosure, or to effect any other comparable conversion of the Mortgage Loan.

Remedies; Rights of Bondholders

Acceleration; Rescission of Acceleration. Upon:

(i) the occurrence of an Event of Default described in clauses (i) or (ii) above, the Trustee may, and shall upon the written request of Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding, by written notice to the Issuer, the Borrowers, Fannie Mae, the Construction Lender (so long as the Construction Phase Credit Facility is in effect) and the Loan Servicer, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued, and to accrue, on the Outstanding Bonds to the date of such declaration immediately due and payable;

(ii) the occurrence of an Event of Default described in clause (iii) or (iv) above, the Trustee may, upon receiving the prior written consent of Fannie Mae, and shall, upon the written direction of Fannie Mae, by written notice to the Issuer, the Borrower, Fannie Mae, the Construction Lender (so long as the Construction Phase Credit Facility is in effect) and the Loan Servicer, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued, and to accrue, on the Outstanding Bonds to the date of declaration immediately due and payable; or

(iii) the occurrence of the Event of Default described in clause (v) above, the Trustee may, and shall upon the written request of Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding, by written notice to the Issuer, the Borrower, Fannie Mae and the Loan Servicer, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued, and to accrue, on the Outstanding Bonds to the date of payment immediately due and payable.

Upon any such declaration of acceleration, the Indenture provides that the Trustee shall (a) give immediate notice to Fannie Mae and request an Advance under the Credit Facility pursuant to the Indenture, (b) exercise such rights as it may have under the Mortgage Note to declare all payments under the Mortgage Note to be immediately due and payable and (iii) give the notice required by the Indenture.

If, at any time after a declaration of acceleration and before the payment of any money due to the Bondholders, (a) the Borrower shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid interest (if any) on all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, (b) the reasonable expenses of the Trustee are paid or adequate provision is made therefor and (c) all other defaults under this Indenture are cured or, if not cured, are waived in writing by Fannie Mae, or if there is a Wrongful Dishonor by Fannie Mae, by the Bondholders of not less than 51% in aggregate principal amount of the Bonds then Outstanding, then the Trustee, on behalf of the Bondholders of all the Bonds then outstanding and with the prior written consent of Fannie Mae, shall rescind and annul such declaration and its consequences, provided that no such rescission and annulment shall extend to or shall affect any subsequent Event of Default or impair or exhaust any right or power arising by virtue of any subsequent Event of Default.

Other Remedies. Upon the occurrence and continuance of an Event of Default, the Trustee may, with or without accelerating the payment of the Bonds, but only with the prior written consent of Fannie Mae, and shall, upon the written direction of Fannie Mae if the Event of Default occurs under the provisions of the Indenture described in clauses (iii) and (iv) under the heading "Events of Default", pursue any of the following remedies:

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

(ii) the liquidation of the Trust Estate pledged under the Indenture; or

(iii) an action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

Rights to Direct Proceedings. Fannie Mae itself or Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding, but only with the prior written consent of Fannie Mae, 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 this Indenture or any other proceedings under this Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee shall be indemnified to its satisfaction (except for actions required under the acceleration provisions of the Indenture). See "Rights of Fannie Mae" below.

Preservation of Security and Remedies if Wrongful Dishonor Occurs; Rights of Bondholders

Upon the occurrence and during the continuance of Wrongful Dishonor, the Trustee may proceed, and upon the written request of the holders of not less than 25% of the aggregate principal amount of the Bonds Outstanding and the receipt of indemnity reasonably satisfactory to the Trustee, shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or the Financing Agreement, or in aid of the execution of any power granted in the Indenture, or in the Financing Agreement or by the Act, or for the enforcement of any legal or equitable right or remedy, as the Trustee, being advised by counsel, shall deem most effective to protect and enforce such rights or to perform any of its duties under the Indenture.

Acceleration Rescinded. If the principal of all the Bonds has been declared due and payable, and if such declaration is thereafter rescinded pursuant to the Indenture, then in the event that the principal of all the Bonds shall later become or be declared due and payable, the moneys shall be applied in accordance with the Indenture.

The Trustee

Resignation of Trustee. The Trustee or any successor Trustee may resign only upon giving 60 days prior written notice to the Issuer, Fannie Mae, the Construction Lender (so long as the Construction Phase Credit Facility is in effect), the Loan Servicer, the Borrower and to each Registered Owner of Bonds then outstanding as shown on Bond Register. Notwithstanding such notice, such resignation shall take effect only upon the appointment of a successor Trustee in accordance with the Indenture and the acceptance of such appointment by such successor Trustee.

Removal of Trustee. The Trustee may be removed at any time, upon 30 days prior written notice to the Trustee, (a) by the Issuer, with the prior written consent of Fannie Mae, (b) by an instrument or concurrent instruments in writing delivered to the Issuer, Fannie Mae, the Loan Servicer, the Trustee and the Borrower, signed by the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, and approved by Fannie Mae, which written instrument shall designate a successor trustee, or (c) by Fannie Mae, with the prior written consent of the Issuer. Such removal shall take effect only upon the appointment of a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment.

Supplemental Indentures Not Requiring Bondholder Consent

The Issuer and the Trustee, without the consent of or notice to any of the Bondholders, may enter into an indenture or indentures supplemental to the Indenture for one or more of the following purposes:

(i) to cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture;

(ii) to amend, modify or supplement the Indenture in any respect if, in the judgment of the Trustee, such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

(iv) to modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification of the Indenture or such supplemental indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the States of the United States;

(v) to appoint a successor trustee, separate trustee or co-trustee, or a separate Bond Registrar, in the manner provided in the Indenture;

(vi) to make any change requested by Fannie Mae which, in the judgment of the Trustee, is not materially adverse to the interests of the Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the Credit Facility then in effect, provided that the provision of such other Credit Facility conforms to the requirements of the Indenture and does not adversely affect the rating then in effect for the Bonds;

(vii) to make any change in the Indenture or in the terms of the Bonds necessary or desirable in order to maintain the rating of "AAA" and/or "Aaa" awarded to the Bonds by the Rating Agency or to otherwise to comply with the requirements of any Rating Agency then rating the Bonds;

(viii) to comply with the Code and the regulations and rulings issued with respect to the Code, to the extent determined as necessary or desirable in the Opinion of Bond Counsel; or

(ix) to implement any secondary market disclosure, required under applicable law with respect to the Bonds, the Issuer, the Borrower or the Project.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions precedent in the Indenture have been satisfied, the Trustee shall join the Issuer in the execution of any such supplemental indenture. The Trustee shall promptly furnish a copy of any such supplemental indenture to Fannie Mae, the Loan Servicer, the Construction Lender (so long as the Construction Phase Credit Facility is in effect) and the Borrower.

Supplemental Indentures Requiring Bondholder Consent

Exclusive of supplemental indentures described above and subject to the terms and provisions described in the Indenture, the Issuer, in its sole discretion, and the Trustee may, with the consent of Bondholders owning not less than 51% or more in aggregate principal amount of Bonds then Outstanding, from time to time, execute indentures supplemental to the Indenture for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture, provided that nothing in the Indenture shall permit, or be construed as permitting:

(i) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Bond, without the consent of the owners of all of the Bonds then Outstanding;

(ii) a reduction in the principal amount of, or the rate of interest on, any Bond, without the consent of the owner of such Bond;

(iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the owners of all such Bonds;

(iv) the creation of a lien prior to or on parity with the lien of the Indenture, without the consent of the owners of all of the Bonds then Outstanding;

(v) a change in the percentage of Bondholders necessary to waive an Event of Default or otherwise approve matters requiring Bondholder approval under the Indenture, including consent to any supplemental indenture, without the consent of the owners of all the Bonds then Outstanding;

(vi) a transfer, assignment or release of the Credit Facility (or modification of the provisions of the Indenture governing such transfer, assignment or release), other than as permitted by the Indenture, the Assignment or the Credit Facility;

(vii) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, without the consent of the holders of all the Bonds then Outstanding;

(viii) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture, without the consent of the holders of all of the Bonds then Outstanding; or

(ix) the amendment of the provision of the Indenture described under this subheading, without the consent of the holders of all of the Bonds then Outstanding.

Amendments to Financing Agreement Not Requiring Bondholder Consent

The Issuer and the Trustee, without the consent of or notice to any of the Bondholders, (a) may enter into or permit any amendment of the Financing Agreement and (b) shall, at the direction of Fannie Mae, enter into any amendment of the Financing Agreement, for one or more of the following purposes:

(i) to cure any ambiguity or to correct or supplement any provision contained in the Financing Agreement which may be defective or inconsistent with any other provision of the Financing Agreement;

(ii) to make such other provisions with regard to matters or questions arising under the Financing Agreement which are not materially adverse to the interests of the Bondholders;

(iii) to amend, modify or supplement the Financing Agreement in any respect if, in the judgment of the Trustee, such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;

(iv) to grant to or confer upon the Issuer or the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be so granted or conferred, or to grant or pledge to the Issuer or the Trustee for the benefit of the Bondholders any additional security;

(v) to make any change requested by Fannie Mae which, in the judgment of the Trustee, is not materially adverse to the interests of the Bondholders;

(vi) to comply with the requirements of any Rating Agency then rating the Bonds;

(vii) to comply with regulations or rulings issued with respect to the Code, to the extent determined as necessary or desirable in the opinion of Bond Counsel;

(viii) to permit the Borrower to enter into a modification of any Mortgage Loan Document on terms approved by Fannie Mae, provided that there has first been delivered to the Trustee (a) written evidence of such approval and the approval by Fannie Mae of the proposed form of amendment and any other documents relating to the amendment and (b) written evidence from the Rating Agency that such modifications and any related changes to the terms of the financing will not adversely affect the rating then applicable to the Bonds; or

(ix) in connection with any other change which, in the judgment of the Trustee, is not materially adverse to the interests of the Bondholders, provided that if the Trustee has received written confirmation from the Rating Agency to the effect that such amendment will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions precedent under the Indenture have been satisfied, the Trustee shall join the Issuer and the Borrower in the execution of any such amendment. .

Amendments to Financing Agreement Requiring Bondholder Consent

Except as described above under "Amendments to Financing Agreement Not Requiring Bondholder Consent," the Issuer and the Trustee shall not enter into any other modification or amendment of the Financing Agreement, nor shall any such modification or amendment become effective, without the written consent of the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, such consent to be obtained in accordance with the Indenture. No such amendment may, without the consent of the owners of all the Outstanding Bonds, reduce the amounts or delay the payments on the Mortgage Loan under the Financing Agreement, provided that any such amounts may be reduced without such consent solely to the extent that such reduction (a) results from a partial redemption from other than sinking fund installments or (b) represents a reduction in any fees payable from such amounts (including, but not limited to, a reduction in Set Rate Interest). The Trustee shall provide a copy of such modification or amendment to the Issuer, Fannie Mae, the Construction Lender (so long as the Construction Phase Credit Facility is in effect), the Loan Servicer and the Borrower.

Amendments; Changes and Modifications to the Credit Facility and the Regulatory Agreement

The Credit Facility. The Trustee may, without notice to or the consent of the owners of the Bonds, accept any amendment to a Credit Facility (a) in connection with any change in the Credit Facility, including a revised Mortgage Loan Payment Amortization Schedule to the Credit Facility as a result of a partial prepayment and re-amortization of the Mortgage Loan or otherwise or (b) as may be required for purposes of curing any ambiguity, formal defect or omission which is not materially adverse to the interests of the Bondholders or which does not prejudice in any material respect the interests of the Bondholders. Except for such amendments, the Credit Facility may be amended only with the written consent of the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, except that, without the written consent of the owners of all Outstanding Bonds, no amendment may be made to the Credit Facility which would reduce the amounts required to be paid under the Credit Facility or change the time for payment of such amounts; provided that any such amounts may be reduced without such consent solely to the extent that such reduction represents a written agreement to reduce fees payable from such amounts.

The Tax Regulatory Agreement. Subject to the Indenture, the Borrower, the Trustee and the Issuer may enter into any amendment or modification of the Tax Regulatory Agreement without the consent of the owners of the Bonds, provided that the Borrower shall furnish to the Trustee and the Issuer (a) an Opinion of Bond Counsel to the effect that such amendment or modification of the Regulatory Agreement will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and (b) the written consent of Fannie Mae.

Rights of Fannie Mae

Notwithstanding anything contained in the Indenture to the contrary, all provisions of the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by Fannie Mae will be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and will be read as if Fannie Mae were not mentioned therein (a) during any period during which there is a Wrongful Dishonor under the Credit Facility, or (b) after the Credit Facility ceases to be valid and binding on Fannie Mae, or will be declared to be null and void by final judgement of a court of competent jurisdiction; provided, however, that the payment of amounts due to Fannie Mae pursuant to the terms of the Indenture will continue in full force and effect.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT

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

Residential Rental Property

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

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

Lower Income Tenants and Occupancy Requirements

In addition to the federal tax law requirements described below regarding Lower Income Tenants, the Act imposes additional requirements with respect to Families of Limited Income, which are summarized below under the caption "Additional Covenants Required by the Issuer".

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

Tax-Exempt Status of Bonds

(a) The Borrower will represent, warrant and covenant that it has not and will not take any action or fail to take any action, which would adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Bonds.

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

Limitation Upon Transfer or Other Disposition of Project

(a) The Borrower will not sell, convey, transfer, or otherwise dispose of the Project without the prior written consent of the Issuer and the Trustee, which consent will not be unreasonably withheld. Notwithstanding any other provision of the Tax Regulatory Agreement, the consent of the Issuer or the Trustee will not be required for any transfer of the Project to Fannie Mae or its designee, and nothing in the Tax Regulatory Agreement will be interpreted to restrict, prohibit, or require the consent of any party to, or be applicable with respect to a transfer of title to the Project as a result of the exercise of any rights or remedies under any mortgage or deed of trust, including a transfer as a result of a foreclosure or pursuant to a deed in lieu of foreclosure or any comparable conversion of the Mortgage Loan.

(b) The Borrower will not cause or permit the Bonds to be refunded without the written consent of the Issuer.

Additional Covenants Required by the Issuer

The Issuer has established additional requirements as conditions precedent to its participation in the refinancing of rental housing projects such as the Project (the "State Requirements"). Among other things, the State Requirements require:

(a) 100% of the units in the Project (the "Designated Units") to be rented to "State Lower Income Tenants," which is defined as a single person or two or more persons who occupy the same unit, and whose annual income does not exceed 60% of the Area Median Gross Income as adjusted for family size. The 40% established by federal law is credited against the 100% established by State law.

(b) The Borrower may not require as an initial condition of the leasing of any unit in the Project, and may neither accept or allow any employee or agent to accept, any consideration other than the prepayment of the first month's rent plus security deposit not in excess of one month's rent.

(c) The Borrower will comply with all legal requirements prohibiting discrimination in housing on the grounds of race, color, religion, sex, sexual orientation, handicap, familial status, or national origin, and in the renting and occupancy of units in the Project, there will be no discrimination against households with children.

(d) The Borrower shall monthly, within 15 days after they are provided to Fannie Mae or the Loan Servicer, provide the Issuer copies of its monthly property operating statements.

(e) The Borrower will permit the Issuer to inspect the physical conditions of the units in the Project on an annual basis, or more often as deemed necessary by the Issuer, to ensure that the Project continues to meet the Issuer's requirements for safe, decent, and sanitary housing.

(f) The Borrower will provide the Issuer with written notice of any rent increase for units in the Project within 30 days of any increase.

(g) The Management Agreement to be executed between the Borrower and its management agent shall be substantially in the form attached to the Tax Regulatory Agreement as an exhibit and will not be materially modified without the mutual consent of the parties and the Issuer. Any successor management agent will be approved or rejected by the Issuer and Fannie Mae in accordance with the Management Agreement within 30 days of a request therefor, and the consent of the Issuer will not be unreasonably withheld.

(h) The Issuer will have the right to terminate the Management Agent with Cause, as that term is defined in the Management Agreement, under the circumstances and procedures specified in the Management Agreement.

(i) The Borrower will maintain the Project in decent, safe and habitable condition.

Annual Report and Certifications

(a) The Borrower will submit to the Issuer, the Trustee, the Loan Servicer and the Monitoring Agent within 30 days after each anniversary date of commencement of the Qualified Project Period, a report certified as accurate by or on behalf of the Borrower (a) identifying the tenancies, the dates of occupancy (or vacancy) and the monthly rentals for all Designated Units at all times during such year, and the commencement date of each tenancy; (b) stating the percentage of the units that were occupied, or treated as if occupied, by Lower Income Tenants or Families of Limited Income (or held vacant and available for occupancy by Lower Income Tenants or Families of Limited Income) during each calendar month of such year; (c) stating that, to the best knowledge of the person executing such certificate after due inquiry, (i) all units were rented or available for rental on a continuous basis during such year to members of the general public except for units either occupied by Families of Limited Income or Lower Income Tenants or held vacant for repair or restoration or occupied by resident employees of the Borrower, which units and the periods of vacancy or occupancy shall be specified, (ii) 100% of the units were Designated Units, and (iii) there was no discrimination against households with children in the renting and occupancy of units in the Project; (d) certifying that any Designated Units which were vacant at any time during the preceding year were not occupied at any time by any person who was not a Lower Income Tenant or Family of Limited Income for a period exceeding 31 days; (e) certifying that all things necessary and all actions required to assure compliance with the Borrower's obligations under the Tax Regulatory Agreement and management and operation of the Project in accordance with the Code have been done, do exist and are continuing; and (f) certifying that the Borrower was not, to the best of its knowledge, otherwise in default in any material respect under the Tax Regulatory Agreement during such year.

(b) The Issuer shall be entitled to rely on the information contained in the reports required under this section of the Tax Regulatory Agreement and will have no duty to make independent investigation as to their accuracy.

Consideration; Beneficiaries

The Borrower will represent, and warrant that the issuance and sale of the Bonds by the Issuer and the use of the proceeds thereof to make the Mortgage Loan to the Borrower are necessary for the Borrower to finance the costs of the Project. The Borrower will acknowledge that the restrictions, covenants, and provisions contained in the Tax Regulatory Agreement are necessary to ensure that (i) the Project will be operated as a Project for residential rental housing within the meaning of the Code, (ii) the interest on the Bonds in the hands of the Bondholders will be exempt from federal income tax under the Code, and (iii) the Project will continue to qualify as a "community development project" as defined in the Act. Therefore, the Borrower will agree and acknowledge that (x) the Issuer and the Bondholders are the beneficiaries of the Tax Regulatory Agreement (y) the Issuer has relied on the Tax Regulatory Agreement in determining to issue and sell the Bonds, and (z) each of the Bondholders has relied on this Agreement in determining to purchase or otherwise become the registered owner or owners of any of the Bonds.

Covenants to Run With Land

The Borrower and the Issuer agree that the covenants, restrictions and provisions set forth in the Tax Regulatory Agreement shall be deemed covenants running with the land on which the Project is situated and an equitable servitude for the benefit of the Issuer, the Bondholders, and the Trustee, and shall pass to and be binding upon the Project and all owners of the Project.

Duration, Termination and Modification

Unless terminated sooner as provided in the Tax Regulatory Agreement, the covenants and restrictions shall continue in full force and effect during the Qualified Project Period or the State Lower Income Occupancy Period, as applicable. The Tax Regulatory Agreement or any provision in it may be terminated, modified or extended upon an amendment to Section 142(d) of the Code provided the Issuer obtains an opinion of Bond Counsel to the effect that upon such termination, extension or amendment, interest on the Bonds shall remain excludable from gross income for federal income tax purposes.

The provisions, restrictions and covenants of the Tax Regulatory Agreement will automatically terminate in the event of involuntary non-compliance caused by condemnation, fire, seizure, requisition, foreclosure, transfer or title by a deed in lieu of foreclosure, change in a federal law or action of a federal agency after the Bonds are issued which prevents compliance with the covenants and restrictions, or similar event, but only if, within a reasonable period, either (i) the Bonds are redeemed and paid in full and all obligations under the Mortgage Loan Documents a re paid in full, or (ii) amounts received as a consequence of such event are used to provide a project which meets and is subject to the requirements of Section 142(d) of the Code and of Treasury Regulation Section 1.103-8(b).

The State Requirements shall remain in effect and shall bind the Borrower and its successors and assigns so long as the Bonds or the Loan are outstanding.

Remedies; Enforceability

In the event of a violation of, non-compliance with or default under any of the restrictions, covenants or provisions of the Tax Regulatory Agreement, either the Issuer, the Trustee or the Monitoring Agent may institute and prosecute any action or proceeding at law or in equity to abate, prevent or enjoin any such violation, non-compliance or default or to avail itself of any other remedy permitted by law, or take such other action to correct any violation or, non-compliance with, or default under any of such restrictions, covenants or agreements.

In addition, in the event that the violation, non-compliance or default results from the occupancy of any Designated Unit by one or more persons who were not Lower Income Tenants State Lower Income Tenants at the time he, she or they commenced occupancy of such unit, the Issuer, the Trustee or the Monitoring Agent, may institute or cause the Borrower to institute, an action to evict or otherwise terminate the occupancy of a Designated Unit by one or more persons who are not Lower Income Tenants or State Lower Income Tenants without regard to the remaining term of the lease and whether or nor not a provision to that effect is included in any lease of the Unit.

Except for the provisions of the Tax Regulatory Agreement regarding specific enforcement of the Tax Regulatory Agreement by the Issuer, Trustee, and any Monitoring Agent, so long as Fannie Mae is not in default of its obligations under the Credit Facility, neither the Issuer, the Trustee, the Monitoring Agent nor any other person shall: (a) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, the interest on, or other amounts due and payable under the Mortgage Loan, (b) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Mortgage Loan, including, but not limited to, Fannie Mae's remedial rights under the Mortgage Loan Documents upon the occurrence of an event of default by the Borrower under the Mortgage Loan, or (c) upon the occurrence of any default under the Mortgage Loan Documents, take any action to accelerate or otherwise commence foreclosure, enforce payment or seek other remedies with respect to the Mortgage Loan Documents.

Except as provided in the Tax Regulatory Agreement, all obligations of the Borrower under the Tax Regulatory Agreement for the payment of money and all claims for damages against the Borrower caused by breach by the Borrower of its obligations under the Tax Regulatory Agreement, including indemnification obligations, shall not be secured by or deemed to be a lien on the Project, and no person shall have the right to enforce such obligations other than directly against the Borrower. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of the Borrower under the Tax Regulatory Agreement on the part of any prior owner. These obligations are enforceable against the person who was the Borrower at the time the default or breach was alleged to have occurred, and that Person shall remain liable for any damages occasioned thereby even after that person ceases to be the Borrower. The Tax Regulatory Agreement will not be deemed to create a lien or security interest of any kind in the Project in favor of the Issuer, the Trustee, or any other person with respect to any monetary obligations of the Borrower arising under the Tax Regulatory Agreement, and no such person will have recourse to the Project in respect thereof. Notwithstanding the foregoing, nothing therein will prohibit the Issuer from exercising any right or remedy at law that may result in a judgment lien being filed against the property of the Borrower.

The occurrence of an event of default under the Tax Regulatory Agreement will not be deemed, under any circumstances whatsoever, (i) to be a default under the Mortgage Loan Documents, except as may be otherwise specified in the Mortgage Loan Documents, or (ii) to impair, defeat or render invalid the lien of the Mortgage. The maturity date of the Mortgage may be accelerated solely by Fannie Mae on the occurrence of a default on the part of the Borrower under the Mortgage Loan Documents in accordance with their terms, and for no other reason.

Amendments

Notwithstanding a determination by the Issuer that compliance with the Code or any other applicable provision of federal law is no longer necessary to assure the tax-exempt status of the Bonds, unless otherwise agreed by the Issuer (i) the State Requirements shall continue to apply to the Project until expiration of the State Lower Income Occupancy Period, and (ii) to the extent that the occupancy requirements for Lower Income Tenants are no longer in force, the occupancy requirements for Families of Limited Income shall be expanded so that the total number of units restricted to Families of Limited Income is equal to 100% of the units in the Project.

Priority of Mortgage Loan Documents

The terms, covenants and restrictions of the Tax Regulatory Agreement shall at all times hereafter remain subject and subordinate, in all respects, to the liens, rights and interests created under the Mortgage Loan Documents, except as otherwise provided in the Tax Regulatory Agreement with respect to restrictions on transfer of the Project, the exercise of remedies, the State Requirements and provisions necessary to maintain the tax-exempt status of the Bonds.

Rights of Fannie Mae

(a) Notwithstanding anything contained in the Tax Regulatory Agreement to the contrary, all provisions regarding consents, approvals, directions, waivers, appointments, requests, or other actions by Fannie Mae will be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and will be read as if Fannie Mae were not mentioned therein during any period during which there is a payment default under the Credit Facility. The foregoing shall not affect any other rights of Fannie Mae.

(b) The parties to the Tax Regulatory Agreement recognize and agree that the terms of the Tax Regulatory Agreement and the enforcement thereof are essential to the security of Fannie Mae and are entered into for the benefit of Fannie Mae. Fannie Mae will have contractual rights in the Tax Regulatory Agreement and will be entitled (but not obligated) to enforce, separately or jointly with the Issuer and the Trustee, or to cause the Issuer or the Trustee to enforce, the terms of the Tax Regulatory Agreement. In addition, Fannie Mae is intended to be and will be a third-party beneficiary of the Tax Regulatory Agreement and will have the right (but not the obligation) to enforce the terms of the Tax Regulatory Agreement insofar as the Tax Regulatory Agreement sets forth obligations of the Borrower.

(c) All provisions relating to the rights of Fannie Mae will be of no force and effect if there is no Credit Facility in effect and all amounts owing to Fannie Mae under the Reimbursement Agreement have been paid.

Continuation of Covenants and Restrictions

Notwithstanding anything in the Tax Regulatory Agreement to the contrary, so long as Fannie Mae is not in default of its payment obligations under the Credit Facility and the Credit Facility remains in full force and effect, the Covenants and Restrictions set forth in the Tax Regulatory Agreement shall not terminate automatically, by the terms of the Tax Regulatory Agreement, by operation of law or otherwise nor shall such Covenants and Restrictions be terminated by the Administration or any other person, without the prior written consent of Fannie Mae and, for so long as the Construction Phase Credit Facility is in force and effect, the Construction Lender. The Covenants and Restrictions shall remain in full force and effect and run with and be binding upon the Land until the last to occur of (i) the expiration of the Qualified Project Period or the State Lower Income Tenant Occupancy Period, as applicable (subject to the provisions of the Tax Regulatory Agreement), (ii) termination by Fannie Mae or (iii) the expiration or termination of the Credit Facility.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

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

The Mortgage Loan

Terms. The Mortgage Loan shall (a) be evidenced by the Mortgage Note, (b) be in a principal amount approved by Fannie Mae, (c) bear interest at the Mortgage Note Rate, (d) be payable on the terms provided in the Mortgage Note, (e) be secured by, among other instruments, the Security Instrument and as otherwise provided in the other Mortgage Loan Documents and/or the Financing Agreement and (f) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions as are, set forth in the Mortgage Loan Documents.

Mortgage Loan Payments. All regularly scheduled payments due under the Mortgage Note shall be timely paid by the Borrower, when due, in immediately available funds. All payments of interest, principal or other amounts payable by the Borrower under the Mortgage Note shall be paid (a) on and before the Conversion Date (and with respect of payments due on and before the Conversion Date), to the Trustee, and (b) after the Conversion Date, to the Loan Servicer (or other entity then servicing the Mortgage Loan for Fannie Mae), provided, however, that amounts representing payments on the IRP Agreement shall be paid directly to the Trustee. Payments received by the Loan Servicer are to be remitted (net of Set Rate Interest) to the Trustee. The Borrower agrees to hold the Issuer, the Trustee, the Loan Servicer and Fannie Mae harmless from any liability on account of any failure of the Borrower to make such payments.

Prepayment

Optional Prepayment and Redemption. In the event of an optional redemption of Bonds pursuant to the Indenture, the Borrower shall timely pay, or cause to be paid, (a) an amount equal to the unpaid principal balance of the Mortgage Loan, (b) interest on the Mortgage Loan to the date of prepayment, (c) interest payable on the Bonds to the redemption date, (d) the premium, if any, payable with respect to the Bonds (the premium to be paid with Available Moneys), (e) any other amount (to be paid with Available Moneys) that is part of the End Period Payment, (f) an amount sufficient to pay any fees, costs and expenses in connection with such redemption and (g) all other amounts payable under the Bond Documents and the Mortgage Loan Documents in connection with the prepayment of the Mortgage Loan and the corresponding redemption of the Bonds on the applicable redemption date.

Mandatory Prepayment and Special Mandatory Redemption. In the event of a mandatory prepayment of the Mortgage Loan in connection with a special mandatory redemption of Bonds:

(i) in part, pursuant to those provisions of the Indenture regarding the use of excess moneys in the Mortgage Loan Fund, the Borrower shall timely pay or cause to be paid, in addition to the proceeds of the Bonds on deposit in the Mortgage Loan Fund to be applied to the redemption of Bonds, (a) interest on the portion of the Mortgage Loan prepaid, to the date of prepayment, (b) interest payable on the Bonds to be redeemed to the redemption date, (c) an amount sufficient to pay any fees, costs and expenses in connection with such redemption and (d) all other amounts payable under the Bond Documents and the Mortgage Loan Documents in connection with the prepayment of the Mortgage Loan and the corresponding redemption of such Bonds on the applicable redemption date;

(ii) in whole or in part, pursuant to those provisions of the Indenture relating to casualty or condemnation, the Borrower shall timely pay or cause to be paid (a) in the event of the involuntary destruction or loss of the Project in its entirety or nearly in its entirety as a result of casualty or condemnation, the unpaid principal balance of the Mortgage Loan and an amount sufficient to effect the corresponding redemption of the Bonds on the applicable redemption date or (b) in the event of an involuntary destruction or loss of the Project in part as a result of a casualty or condemnation, a principal amount equal to the insurance or condemnation proceeds received by the Borrower and applied, in accordance with the Mortgage Loan Documents, to the prepayment, in part, of the Mortgage Loan and the corresponding redemption of Bonds on the applicable redemption date and, in the case of (a) or (b), (1) interest on the Mortgage Loan to the date of prepayment, (2) interest payable on the Bonds to be redeemed to the redemption date, (3) an amount sufficient to pay any fees, costs and expenses in connection with such redemption and (4) all other amounts payable under the Bond Documents and the Mortgage Loan Documents in connection with the prepayment of the Mortgage Loan and the corresponding redemption of the Bonds to be redeemed on the applicable redemption date; and

(iii) in whole pursuant to those provisions of the Indenture relating to a failure of Conversion, or in whole or in part pursuant to those provisions of the Indenture relating to events of default under the Security Instrument or the Financing Agreement, the Borrower shall timely pay, or cause to be paid (a) the principal amount of the Mortgage Loan if the redemption is in whole, or a principal amount of the Mortgage Loan, as specified by Fannie Mae, corresponding to the principal amount of Bonds, as specified by Fannie Mae, to be redeemed at the written direction or with the prior written consent of Fannie Mae, if the redemption is in part, (b) interest on the Mortgage Loan to the date of prepayment, (c) interest payable on the Bonds to be redeemed to the redemption date, (d) an amount sufficient to pay any fees, costs and expenses in connection with such redemption and (e) all other amounts payable under the Bond Documents and the Mortgage Loan Documents in connection with the prepayment of the Mortgage Loan and the corresponding redemption of the Bonds to be redeemed on the applicable redemption date.

Pre-Conversion Loan Equalization Payment and Special Mandatory Redemption. In the event of a Pre-Conversion Loan Equalization Payment and a special mandatory redemption of Bonds in part, pursuant to the Indenture, the Borrower shall pay, or cause to be paid (a) a principal amount of the Mortgage Loan sufficient to equalize the principal amount of the Mortgage Loan to the Permanent Phase Mortgage Loan Amount (as determined in accordance with the Construction Phase Financing Agreement) and to redeem a corresponding principal amount of Bonds, (b) interest on the Mortgage Loan to the date of prepayment, (c) interest payable on the Bonds to be redeemed to the redemption date, (d) an amount sufficient to pay any fees, costs and expenses in connection with such redemption and (e) all other amounts payable under the Indenture and the Financing Agreement in connection with the prepayment of the Mortgage Loan and the corresponding redemption of the Bonds to be redeemed on the applicable redemption date.

Nonrecourse Liability

The obligations of the Borrower under the Mortgage Note are secured by the Security Instrument and are non-recourse obligations as and to the extent set forth in the Mortgage Note. Except for obligations under the Financing Agreement which are obligations under the Mortgage Note, the obligations of the Borrower under the Financing Agreement shall (i) be unsecured general obligations of the Borrower with recourse to the Borrower personally, (ii) be subordinate and junior in priority, right of payment and all other respects to any and all obligations of the Borrower (a) with respect to Reserved Rights or (b) to Fannie Mae under or in respect of the Mortgage Loan Documents and Credit Facility Agreement, and (iii) shall not be secured by or constitute a lien on the Project in any manner.

Covenants of the Borrower

The covenants contained in the Financing Agreement are in addition to and are not intended to modify or limit any provisions of the Mortgage Loan Documents.

Maintenance of Project; Insurance; Operation. The Financing Agreement obligates the Borrower to (a) own and operate the Project (1) in accordance with the requirements of the Financing Agreement, the Tax Regulatory Agreement, the Mortgage Loan Documents, the Act and with all other applicable federal, state and local laws, ordinances, orders, rules and regulations, including, without limitation, those relating to zoning, building, safety and environmental quality, and (2) strictly for Project Purposes, (b) keep and maintain the Project, including all appurtenances to it and any personal property in or on the Project (other than property of tenants), in good repair and good operating condition and (c) insure the Project as required by the Mortgage Loan Documents.

Taxes; Other Governmental Charges and Utility Charges. The Financing Agreement obligates the Borrower to pay, or cause to be paid, promptly as the same become due and payable, every obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer, the Trustee or Fannie Mae, or any other party, is or may become liable by reason of its or their estate or interest in the Project, by reason of any right or interest of the Issuer, the Trustee or Fannie Mae in or under the Financing Agreement, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion of it, including, without limitation, all taxes, assessments, whether general or special, and governmental charges of any kind that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Borrower in or on the Project, provided that any amounts payable under the Financing Agreement that are also required to be paid by the terms of the Security Instrument shall be paid on the terms provided in the Security Instrument. Upon request, the Borrower will furnish to the Issuer, the Trustee, the Loan Servicer and Fannie Mae proof of the payment of any such tax, assessment or other governmental or similar charge, or any other charge payable by the Borrower.

Compliance With Laws. The Financing Agreement obligates the Borrower to, throughout the term of the Financing Agreement, promptly comply or cause compliance with all laws, ordinances, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the rehabilitation, repair and alteration of the Project, or to the use or manner of use of the Project, including, but not limited to, the Act, the ADA, Environmental Laws and all federal, State and local labor, health and safety laws, rules and regulations. Subject to the provisions of the Mortgage Loan Documents and the Construction Phase Credit Documents, the Borrower may, at its expense and in its own name, provided it is not in default under any Mortgage Loan Document and the Construction Phase Credit Documents or any Bond Document, in good faith contest compliance with any such legal requirement and, in the event of any such contest, upon notice to the Issuer, the Trustee, the Loan Servicer and Fannie Mae, may permit the legal requirement so contested to remain in noncompliance during the pendency of such contest and any appeal from it, unless the Issuer, the Trustee, and the Construction Lender (during the Construction Phase), the Loan Servicer, the Construction Lender (during the Construction Phase), or Fannie Mae shall notify the Borrower that, in the opinion of counsel to the Issuer, the Trustee, the Loan Servicer, the Construction Lender (during the Construction Phase), or Fannie Mae, noncompliance with any such legal requirement may subject the

Project or any part of it to foreclosure or forfeiture, in which event the legal requirement must be complied with. Nothing contained in the provision of the Financing Agreement described in this paragraph is intended to modify or limit any provisions of the Regulatory Agreements or any Mortgage Loan Document.

Maintenance of Legal Existence. During the term of the Financing Agreement, the Financing Agreement obligates the Borrower to maintain its existence and good standing and to not terminate, dissolve or dispose of all or substantially all of its assets, provided, however, that the Borrower may, in all events subject to the terms of the Construction Phase Credit Documents, and the prior written consent of the Construction Lender, and with the prior written consent of Fannie Mae and the Issuer, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to another entity, but only on the conditions that (a) the assignee entity or the entity resulting from or surviving a merger or consolidation (if other than the Borrower), or the entity to which a transfer shall be made, is duly organized and existing and in good standing under the laws of a state of the United States of America, is qualified to do business in and is in good standing under the laws of the State and will remain so continuously during the term of the Financing Agreement, and expressly assumes in writing and agrees to perform all of the Borrower's obligations under the Borrower Documents, (b) the Borrower delivers an Opinion of Bond Counsel to the Issuer, the Trustee, Fannie Mae, the Construction Lender (prior to Conversion) and the Loan Servicer to the effect that the consolidation or merger will not cause the interest payable on the Bonds to be included in gross income for federal income tax purposes and (c) any transfer of the Project is effected in accordance with the terms of the Regulatory Agreements and the Mortgage Loan Documents. Nothing in the Financing Agreement shall be deemed to relieve the Borrower of its obligations to comply with the provisions of the Mortgage Loan Documents.

Disposition of Project. The Financing Agreement obligates the Borrower not to sell, transfer or otherwise dispose of the Project except as permitted by the Regulatory Agreements and the Security Instrument. The Borrower agrees that any sale, transfer or other disposition of the Project in violation of the Financing Agreement shall be null, void and without effect and shall be ineffective to relieve the Borrower of its obligations under the Financing Agreement, provided that the provision of the Financing Agreement described in this paragraph shall not be construed to prohibit (a) the granting by the Borrower of (1) the Security Instrument, or (2) the instrument securing the obligations of the Borrower to the Construction Lender or (3) any other subordinate instrument or instruments approved by Fannie Mae (each, in this clause (a)(3), a "Subordinate Mortgage"), provided that each Subordinate Mortgage shall be subject to a subordination agreement (the "Subordination Agreement") in form and substance acceptable to Fannie Mae, or (b) the (1) foreclosure of the Security Instrument, acceptance of a deed-in-lieu of foreclosure or comparable conversion of the Mortgage Loan, or (2) foreclosure, subject to the terms and conditions of the Construction Phase Financing Agreement, of the instrument securing the Construction Lender, or (3) the foreclosure of any Subordinate Security Instrument by the holder of the Mortgage Note or the beneficiary of the Subordinate Security Instrument subject, in all cases, to the terms and conditions of the applicable Subordination Agreement.

Damage, Destruction and Condemnation

If prior to full payment of the Bonds (or provision for payment of the Bonds in accordance with the provisions of the Indenture) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in the Financing Agreement and in the Mortgage Note to the extent the Mortgage Loan is not prepaid in accordance with the terms of the Mortgage Loan Documents.

Obligation to Acquire and Construct the Project

The Financing Agreement requires the Borrower to proceed with reasonable dispatch to complete the acquisition and rehabilitation and equipping of the Project. If amounts on deposit in the Mortgage Loan Fund designated for the Project are not sufficient to pay the costs of such acquisition and rehabilitation and equipping, the Borrower shall pay such costs from its own funds. Neither the Issuer nor Fannie Mae nor the Construction Lender shall be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed or if the proceeds of the Mortgage Loan are insufficient to pay all Costs of the Project.

Events of Default and Remedies

Events of Default. Each of the following shall constitute an event of default under the Financing Agreement:

(i) the failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required by the Financing Agreement;

(ii) the failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in paragraph (i) above) for a period of 30 days after receipt of written notice from the Trustee specifying such failure and requesting that it be remedied; provided, however, that if the failure is such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the validity or enforceability of the Bonds or on the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within 90 days of receipt of notice of such failure;

(iii) any breach of any of the covenants, agreements or obligations of the Borrower under, or the occurrence of a default under, the Regulatory Agreements, including any exhibits to the Regulatory Agreements;

(iv) the determination by the Issuer, the Trustee, the Loan Servicer or Fannie Mae that any representation or warranty made by the Borrower in the Financing Agreement or in any document delivered by or on behalf of the Borrower to the Trustee, the Loan Servicer, Fannie Mae or the Issuer in connection with the Project, the Mortgage Loan or the Bonds was untrue or misleading in any material respect as of the date made or deemed made;

(v) the occurrence of an Event of Default under and as defined in the Indenture or under and as defined in any other Bond Document caused by the Borrower's failure to comply with the terms or conditions of any such Bond Document;

(vi) the occurrence of any of the following: the Borrower shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or the Borrower shall take any action to authorize any of the actions described in this paragraph, or any proceeding shall be instituted against the Borrower seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is being contested by the Borrower in good faith, such proceeding shall remain undismissed or unstayed for a period of 60 days;

(vii) the filing or making of any claim against the Trust Estate as a result of any action or proceeding described in the preceding clause (vi) by, or with respect to, the Issuer; or

(viii) an Event of Default as a result of a determination by Fannie Mae pursuant to the Financing Agreement.

Cross Default. The occurrence of a default under the Mortgage Loan Documents shall not constitute an Event of Default under the Financing Agreement unless the default is declared by Fannie Mae, in its sole and absolute discretion, to be an Event of Default under the Financing Agreement, such declaration to be made by written notice to the Trustee. The occurrence of an Event of Default under the Financing Agreement shall not constitute a default under any Mortgage Loan Document unless the Event of Default is declared by Fannie Mae, in its sole and absolute discretion, to be a default under the Mortgage Loan, such declaration to be made by written notice to the Trustee.

Remedies Upon an Event of Default.

General. Whenever any Event of Default shall have occurred and be continuing under the Financing Agreement, the Trustee may take any one or more of the following remedial steps:

(i) give immediate notice to the Issuer, the Loan Servicer, the Construction Lender (so long as the Construction Phase Credit Facility is in effect) and Fannie Mae and, if the Event of Default is the failure to receive a Required Mortgage Payment (as defined in the Credit Facility), the Trustee shall present an appropriate certificate for an Advance under the Credit Facility; or

(ii) if the principal and interest accrued on the Bonds shall have been declared immediately due and payable pursuant to the Indenture, the Trustee shall give notice to the Issuer, the Loan Servicer, the Construction Lender (so long as the Construction Phase Credit Facility is in effect) and Fannie Mae and present an appropriate certificate for an Advance under the Credit Facility; provided, however, that if the Trustee shall rescind or annul a declaration of acceleration of Bonds pursuant to the Indenture, the Issuer, the Loan Servicer, the Trustee, Fannie Mae and the Construction Lender shall be restored to their former rights and positions, and all rights, duties and obligations of the parties shall continue as if no adverse proceeding had been taken, subject to the limits of any adverse determination; or

(iii) take such action as is permitted by the Mortgage Loan Documents but only with the prior written consent of Fannie Mae; or

(iv) to the extent of any insufficiency in the payment of the Bonds after the Trustee shall have received an Advance under the Credit Facility, the Trustee may, by any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement (subject to the nonrecourse provisions of the Financing Agreement and the Regulatory Agreements) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee; or

(v) at the written direction or with the prior written consent of Fannie Mae, apply in any court of competent jurisdiction for specific performance by the Borrower of its covenants, obligations and agreement under the Financing Agreement or for injunctive relief to prevent any violation of the covenants, obligations or agreements on the part of the Borrower to be observed or performed under the Financing Agreement (the Borrower acknowledges and agrees that money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Financing Agreement; therefore, the Borrower agrees that the remedy of specific performance or injunctive relief shall be available to the Trustee in any such case); or

(vi) at the written direction or with the prior written consent of Fannie Mae, take whatever other action at law or in equity may appear necessary or desirable to enforce any obligation of the Borrower under the Financing Agreement.

In addition, upon the occurrence of an Event of Default, the Issuer, the Construction Lender (so long as the Construction Phase Credit Facility is in effect), Fannie Mae, the Loan Servicer, and the Trustee shall have access to and may inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

Permitted Cures by the Borrower of an Event of Default. The Trustee may, with the prior written consent of Fannie Mae, and shall, at the written direction of Fannie Mae, permit the Borrower, for a period specified by Fannie Mae, to cure any default under the Mortgage Note and the Security Instrument, but only if (a) the Borrower pays to the Trustee or the Loan Servicer, as the case may be, for proper remittance, all overdue payments of principal and interest on the Mortgage Note, (b) the Borrower cures any nonmonetary defaults under the Mortgage Note, the Security Instrument and the other Mortgage Loan Documents to the satisfaction of Fannie Mae, and (c) the Borrower pays all fees, costs and expenses of the Trustee, the Issuer, the Loan Servicer and Fannie Mae, including, without limitation, Extraordinary Items due to the Trustee and all legal fees and expenses, incurred in connection with the default. The Borrower acknowledges in the Financing Agreement that any cure of any default will not affect any subsequent default under the Mortgage Loan Documents.

Waiver and Annulment. If, after any Event of Default, (a) all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (b) the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement and shall have paid the reasonable fees and expenses of the Issuer, the Trustee, Fannie Mae and the Loan Servicer, including reasonable attorney fees and expenses paid or incurred in connection with such default, then, and in every such case, such Event of Default shall be waived and annulled by the Trustee, but only if so directed by Fannie Mae, in its sole and absolute discretion; no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent on such Event of Default.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following summary of certain provisions of the Reimbursement Agreement is a summary only and does not purport to be a complete statement of the contents thereof. Reference is made to the Reimbursement Agreement for the complete terms thereof.

The Credit Facility is issued pursuant to the Reimbursement Agreement which obligates the Borrower, among other things, to reimburse Fannie Mae for funds advanced by Fannie Mae under the Credit Facility and to pay various fees and expenses, in each case as provided in the Reimbursement Agreement.

Defined Terms

Capitalized terms used in this Appendix E and not defined herein or elsewhere in this Official Statement shall have the meanings assigned thereto in the Reimbursement Agreement.

Events of Default

The occurrence of any one or more of the following events constitutes an Event of Default under the Reimbursement Agreement:

(a) the Borrower fails to pay when due any amount payable by the Borrower under the Reimbursement Agreement, the Mortgage Note, the Financing Agreement, the Security Instrument or any other Financing Document; or

(b) the occurrence of a Borrower Default under the Construction Phase Financing Agreement;

(c) the occurrence of any Event of Default under any Financing Document other than the Reimbursement Agreement beyond any cure period set forth in that Financing Document; or

(d) fraud or material misrepresentation or material omission by the Borrower, or any of its officers, directors, trustees, general partners or mangers, any Key Principal or any guarantor:

(i) contained in the Reimbursement Agreement, the Certificate of Borrower or any other Borrower Document or any certificate delivered by the Borrower to the Credit Provider or to the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or

(ii) in connection with (i) the application for or creation of the Mortgage Loan or the credit enhancement for the Mortgage Loan provided by the Credit Facility, (ii) any financial statement, rent roll, or other report or information provided to the Credit Provider or the Loan Servicer during the term of the Reimbursement Agreement or the Mortgage Loan, or (iii) any request for the Credit Provider's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement or contained in the Reimbursement Agreement, the Certificate of Borrower or any other Borrower Document or any certificate delivered by the Borrower to the Credit Provider or to the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or

(e) a Tax Event (as that term is defined in the Indenture) occurs; or

(f) any failure by the Borrower to perform or observe any of its obligations under the Reimbursement Agreement (other than as set forth in subsections (a) through (d) above), as and when required, which continues for a period of 30 days after notice of such failure by the Credit Provider or the Loan Servicer to the Borrower, but no such notice or grace period shall apply in the case of any such failure which could, in the Credit Provider's or the Loan Servicer's judgment, absent immediate exercise by the Credit Provider of a right or remedy under the Reimbursement Agreement, result in harm to the Credit Provider, impairment of the Note, the Reimbursement Agreement, the Security Instrument or any other security given under any other Financing Document.

Remedies Upon an Event of Default

Upon the occurrence of an Event of Default under the Reimbursement Agreement, the Obligations and all amounts owing under the Reimbursement Agreement may be declared by the Credit Provider to become immediately due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition, the Credit Provider has the right to take such action at law or in equity, without notice or demand, as it deems advisable to protect and enforce the rights of the Credit Provider against the Borrower and/or in and to the Mortgaged Property, including, but not limited to, any one or more or all of the following actions:

(a) deliver to the Trustee written notice that an Event of Default has occurred under the Reimbursement Agreement and directing the Trustee to take such action pursuant to the Financing Documents as the Credit Provider may determine, including a request that the Trustee declare the principal of all or a portion of the Bonds then outstanding and the interest accrued thereon to be immediately due and payable in accordance with the terms and conditions of the Indenture;

(b) demand cash collateral or Permitted Investments in the full amount of the obligations under the Bonds whether or not then due and payable by the Credit Provider under the Credit Facility; and

(c) exercise any rights and remedies available to the Credit Provider under the Financing Documents.

Waivers

The Credit Provider shall have the right, in its discretion, to waive any Event of Default under the Reimbursement Agreement. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

APPENDIX F

FORM OF
CONTINUING DISCLOSURE AGREEMENT

Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
$5,845,000 Series 2002 C

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of September 1, 2002, is executed and delivered by Orchard Mews-Baltimore Limited Partnership (the "Borrower"), Allfirst Bank, Baltimore, Maryland, in its capacity as Trustee, and Allfirst Bank, Baltimore, Maryland (the "Dissemination Agent"), in connection with the issuance and sale by the Community Development Administration (the "Issuer") of the captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of September 1, 2002 (the "Indenture"), between the Issuer and the Trustee. The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a financing agreement (the "Financing Agreement") dated as of September 1, 2002, by and between the Issuer and the Borrower.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower, the Trustee and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the "Participating Underwriter" (as defined below) in complying with the "Rule" (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

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

"Annual Report" means any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Disclosure Representative" means the managing general partner of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

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

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

1. DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
E-mail: nrmsir@dpcdata.com

2. Standard & Poor's, J.J. Kenney Repository
55 Water Street
45th Floor
New York, New York 10041
(212) 438-4595 (phone)
(212) 438-3975 (fax)
E-mail: nrmsir_repository@sandp.com

3. Bloomberg Municipal Repositories
P.O. Box 840
Princeton, New Jersey 08542-0840
(609) 279-3225 (phone)
(609) 279-5962 (fax)
Email: Munis@Bloomberg.com

4. Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
(212) 771-6899 (phone)
(212) 771-7390 (fax)
E-mail: NRMSIR@interactivedata.com

"Participating Underwriter" means Legg Mason Wood Walker, Incorporated, and their successors and assigns.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of Maryland as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

"Tax-exempt" means that interest on the Bonds is excludable from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. <u>Provision of Annual Reports</u>.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than June 30 of each year, commencing in 2004, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Dissemination Agent is to provide such Annual Report to each Repository, not later than 15 Business Days prior to said date, the Borrower shall provide the Annual Report to the Dissemination Agent. The Borrower shall provide a written certification with the Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Borrower hereunder. The Dissemination Agent may conclusively rely upon such certification of the Borrower. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report. The Dissemination Agent's obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required hereby.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower in writing to inquire if the Borrower is in compliance with subsection (a).

(c) If the Borrower does not provide a written certification to the Dissemination Agent to the effect that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any (insofar as determinations regarding the National Repositories are concerned, the Dissemination Agent may conclusively rely on the list of National Repositories maintained by the United States Securities and Exchange Commission); and

(ii) to the extent the Borrower has provided the Annual Report to the Dissemination Agent, file a report with the Borrower and the Issuer certifying that the information represented to the Dissemination Agent by the Borrower as the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. <u>Content of Annual Reports</u>. The Borrower's Annual Report shall contain or incorporate by reference the following:

1. annual financial statements (operating statement and balance sheet) of the project being financed by the Bonds, audited by an independent certified public accountant.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an obligated person (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal

Securities Rulemaking Board. The Borrower will clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Bonds;

2. Non-payment related defaults on the Bonds;

3. Unscheduled draws on debt service reserves relating to the Bonds reflecting financial difficulties;

4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

7. Modifications to rights of Bondholders;

8. Bond redemptions (other than pursuant to mandatory sinking fund redemption);

9. Defeasance of the Bonds;

10. Release, substitution, or sale of property securing repayment of the Bonds; and

11. Rating changes on the Bonds.

(b) The Trustee shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events (except events listed in clauses (a)(1), (8) or (9) in which case the Trustee shall notify the Dissemination Agent and the Borrower) contact the Issuer and the Disclosure Representative, inform such persons of the event, and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f). It is agreed and understood that the duty to make the disclosures herein is that of the Borrower and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Trustee has agreed to give the foregoing notice to the Issuer and the Borrower as an accommodation to assist them in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. For purposes of this Disclosure Agreement, actual knowledge of such Listed Events shall mean knowledge by an officer of the Trustee at its Corporate Trust Office with responsibility for matters related to the Indenture.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Borrower shall within five business days advise the Issuer whether in the Borrower's determination such event would constitute material information, within the meaning of such term under federal securities laws, for Holders of Bonds, provided, that any event under subsection (a)(11) will always be deemed to be material.

(d) If either the Issuer or the Borrower has determined that knowledge of the occurrence of a Listed Event would be material, the Borrower shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). Such notice shall be accompanied with the text of the disclosure that the Borrower desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Borrower desires for the Dissemination Agent to disseminate the information.

(e) If in response to a request under subsection (b), the Borrower determines, with the concurrence of the Issuer, that the Listed Event would not be material, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Borrower, with the concurrence of the Issuer, to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each Repository with a copy to the Borrower. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (8) or (9) shall be given by the Dissemination Agent unless the Borrower and the Issuer give the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(8) and (9) shall not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The obligations of the Borrower, the Dissemination Agent and the Trustee under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Financing Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower, and the original Borrower shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty days written notice to the Borrower.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Borrower and the Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Trustee, the Borrower or the Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee at the written direction of any Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, solely to the extent indemnified to its satisfaction (including attorney fees and expenses), or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article X of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. Neither the Trustee nor the Dissemination Agent shall have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent and the Trustee and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or Dissemination Agent's gross negligence or wilful misconduct. The Dissemination Agent shall have no duty or obligation to review or verify any information provided to it by the Borrower or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Borrower, Bondowners or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent or Trustee and payment of the Bonds.

The Trustee and the Dissemination Agency may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Borrower shall pay the Dissemination Agent from the Trustee's Fee under the Indenture.

UNDER NO CIRCUMSTANCES SHALL THE TRUSTEE OR THE DISSEMINATION AGENT BE LIABLE TO A BONDHOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR IN TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE TRUSTEE OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OR ANY COVENANT SPECIFIED IN THIS AGREEMENT. EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. NOTHING HEREIN SHALL, HOWEVER, LIMIT A

BONDHOLDER'S OR BENEFICIAL OWNER'S RIGHTS UNDER OTHER APPLICABLE SECURITIES LAWS. THE TRUSTEE IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Maryland.

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

Allfirst Bank,
as Dissemination Agent
By: ____

Allfirst Bank,
as Trustee
By: ____

Orchard Mews-Baltimore Limited Partnership

By: ____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Development Administration, Maryland Department of Housing and Community Development

Name of Bond Issue: Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
$5,845,000 Series 2002 C

Name of Borrower: Orchard Mews-Baltimore Limited Partnership

Obligated Person: Borrower

Date of Issuance: September 5, 2002

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of September 1, 2002, among the Borrower and Allfirst Bank, as trustee and as dissemination agent. The Borrower has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by ______________.

Dated: ______________________________

Allfirst Bank,
as Dissemination Agent

____

cc: Borrower

APPENDIX G

DESCRIPTION OF SECTION 236 PROGRAM

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 one percent per annum. Such Section 236 Contracts are project-based and coterminous with the related mortgages. However, pursuant to Section 532 of the Department of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act, 2000 (Public Law 106-74 approved October 20, 1999) HUD may continue making interest reduction payments even though, as is the case with the Project, the existing FHA-insured mortgage loan is being paid and a new note and mortgage are being executed with different payment terms. In such cases, the interest subsidy will continue so long as the total subsidy amounts to be paid to the Borrower do not exceed the amounts which would have been paid under the prior IRP contract if such contract had remained in place until the maturity of the prior FHA insured mortgage loan.

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, (A) 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 one percent per annum and (B) 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 (A) the fair market rental charge, or (B) 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: (A) 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 (B) 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.

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:

(a) 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;

(b) 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 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.

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

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

(2) If any action of foreclosure is instituted by the mortgagee, unless the mortgagee (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, upon satisfaction of the requirements specified in (2) 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.

APPENDIX H

FORM OF BOND COUNSEL OPINION

[Closing Date]

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

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
MULTIFAMILY DEVELOPMENT REVENUE BONDS
(Orchard Mews Apartments Project)
$5,845,000 Series 2002 C

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), in connection with the issuance and sale of $5,845,000 aggregate principal amount of its Multifamily Development Revenue Bonds (Orchard Mews Apartments Project), Series 2002 C (the "Bonds").

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

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

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

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

2) The Indenture has been duly authorized, executed and delivered by the Administration and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and legally binding limited obligation of the Administration enforceable against the Administration in accordance with its terms.

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

4) Under existing statutes and court decisions, interest on the 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 within the meaning of Section 147(a) of the Code is a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person." Interest on the Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

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

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

Very truly yours,

APPENDIX I

BOOK ENTRY SYSTEM

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

At the time of delivery of the Bonds, DTC will act as securities depository for the Bonds. The ownership of one fully registered bond for each maturity of the Bonds in the aggregate principal amount of each such maturity initially will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds (either directly or through custodians) securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement of securities transactions among Participants, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of Direct Participants, the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC or its custodian are registered in the name of DTC’s nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. 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.

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

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

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

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

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

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

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

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

Discontinuance of Book Entry Registration.

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

APPENDIX J

FANNIE MAE

Fannie Mae is 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. It is the largest investor in home mortgage loans in the United States with a net portfolio of $732 billion of mortgage loans as of March 31, 2002. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

Fannie Mae is subject to regulation by HUD and the Director of the independent Office of Federal Housing Enterprise Oversight within HUD. Approval of the Secretary of Treasury is required for Fannie Mae's issuance of its debt obligations and MBS. Five of the eighteen members of Fannie Mae's Board of Directors are appointed by the President of the United States, and the other thirteen are elected by the holders of Fannie Mae's common stock.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

As of March 31, 2002, Fannie Mae's core capital was $23.5 billion. Information on Fannie Mae and its financial condition is contained in Fannie Mae's Information Statement, dated April 1, 2002, and a Supplement thereto dated May 15, 2002, and any later supplement to or update of such Information Statement (the "Information Statement"). Copies of the Information Statement and Fannie Mae's most recent annual report to stockholders and proxy statement are available without charge from the Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016 (telephone: 202/752-7000) and are also available by accessing Fannie Mae’s world wide web site at http://www.fanniemae.com/investors.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of the Project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the Credit Facility and exercising the rights reserved to it in the Indenture and the Reimbursement Agreement.

THE LOAN SERVICER

The Loan Servicer, will provide certain servicing functions on behalf of Fannie Mae with respect to the Mortgage Loan pursuant to applicable Fannie Mae requirements and will be paid a fee for its services.

The selection (or replacement) of the Loan Servicer is in the sole and absolute discretion of Fannie Mae. The servicing arrangements between the Loan Servicer and Fannie Mae are subject to amendment or termination from time to time without the consent of the Administration, the Trustee or the Borrower, and none of the Trustee, the Administration or the Borrower have any rights under, and none is a third party beneficiary of, the servicing arrangements between the Loan Servicer and Fannie Mae.

The Loan Servicer makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other law or regulations. The Loan Servicer's role is limited to servicing the Mortgage Loan.

APPENDIX K

FORM OF CREDIT FACILITY

STANDBY CREDIT ENHANCEMENT INSTRUMENT

This Standby Credit Enhancement Instrument, dated September 5, 2002 (the "Credit Facility"), is an undertaking of **FANNIE MAE**, and is provided at the request and pursuant to the instructions of **ORCHARD MEWS-BALTIMORE LIMITED PARTNERSHIP** (the "Borrower"), a Maryland limited partnership, for the benefit of **ALLFIRST BANK** (the "Trustee"), a Maryland state chartered commercial bank, not in its individual or corporate capacity, but solely as Trustee under the Indenture.

The meaning of capitalized terms can be
determined by reference to Section 1.1.

In consideration of the Borrower entering into the Reimbursement Agreement, the payment of certain fees to Fannie Mae, and other good and valuable consideration, Fannie Mae undertakes the following:

1. <u>Definitions: Interpretation; Reference Materials</u>.

1.1 <u>Definitions</u>. Capitalized terms used in this Credit Facility shall have the meanings given to those terms in this Section 1.1 or elsewhere in this Credit Facility. Capitalized terms used in this Credit Facility and not defined in this Credit Facility are defined in, and have the meanings given to those terms in, the Indenture or the Financing Agreement.

"Act of Bankruptcy" means any proceeding instituted under the Bankruptcy Code by or against the Borrower or the Loan Servicer.

"Advance" means a Scheduled Payment Advance, an Extraordinary Advance or a Bankruptcy-Related Advance, as such terms are defined in Section 4.

"Affiliate" as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

"Amount Available" has the meaning given to that term in Section 2.

"Assignment" means the Assignment and Intercreditor Agreement, dated as of September 1, 2002, among the Loan Servicer, the Issuer, the Trustee and Fannie Mae, and acknowledged, accepted and agreed to by the Borrower, as it may be amended, modified, supplemented or restated from time to time.

"Authorized Officer" means an officer of the Trustee who is duly authorized to execute and deliver Certificates on behalf of the Trustee.

"Bankruptcy Code" means Title 11 of the United States Code, entitled "Bankruptcy", as now in effect and as amended from time to time in the future, or any successor provisions of federal law.

"Bankruptcy-Related Interest Portion" has the meaning given to that term in Paragraph (ii) of Section 2.

"Bonds" means Community Development Administration Maryland Department of Housing and Community Development Multifamily Development Revenue Bonds (Orchard Mews Apartments Project) Series 2002 C in the original aggregate principal amount of $5,845,000.

"Borrower" means the person identified as such in the first paragraph of this Credit Facility as the "Borrower" and any successor as permitted under the Security Instrument.

"Business Day" means a day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the City of New York, New York or the city in which the Principal Office of the Trustee is located are required or authorized by law or executive order to close, (c) any day on which Fannie Mae is closed, (d) on and after the Conversion Date, a day on which banking institutions located in the city in which the Principal Office of the Loan Servicer is located are required or authorized by law or executive order to close, or (e) a day on which the New York Stock Exchange is closed.

"Capitalized Interest Payment" means any regularly scheduled monthly payment of interest at the Mortgage Note Rate under the Mortgage Note, which is to be funded from amounts on deposit in the Capitalized Funds Account of the Mortgage Loan Fund and withdrawn by the Trustee, in accordance with the Indenture, to pay interest due on the Bonds, as to which payment the Borrower is entitled to receive a credit under, and subject to the terms and conditions of, Section 8.2 of the Mortgage Note.

"Certificate" means any certificate in a form attached to this Credit Facility as an Exhibit.

"Credit Facility" means this Standby Credit Enhancement Instrument, as it may be amended, modified, supplemented or restated from time to time.

"Due Date" means the eighteenth (18th) day of each month or, if such day is not a Business Day, the next preceding Business Day.

"Event of Default" means any Event of Default as defined in the Reimbursement Agreement.

"Excluded Bond" means any Bond which is not Outstanding under the Indenture, any Special Purchase Bond or any Bond registered in the name of or otherwise owned, directly or indirectly, by the Borrower or by any Affiliate of the Borrower.

"Exhibit" means any exhibit to this Credit Facility.

"**Expiration Date**" means the Expiration Date stated in Section 3.1.

"Fannie Mae" means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716 et seq., as amended from time to time, and its successors and assigns.

"Financing Agreement" means the Financing Agreement, dated as of September 1, 2002, between the Loan Servicer, the Issuer, the Trustee and the Borrower, as it may be amended, modified, supplemented or restated from time to time.

"Indenture" means the Trust Indenture dated as of September 1, 2002, between the Issuer and Trustee, as it may be amended, modified, supplemented or restated from time to time.

"Interest Portion" has the meaning given to that term in paragraph (ii) of Section 2.

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

"Loan Servicer" means, initially, Enterprise Mortgage Investments, Inc., a Maryland corporation, as servicer of the Mortgage Loan, and any other entity approved by Fannie Mae, in its discretion, as the servicer of the Mortgage Loan, and any permitted successors or assigns.

"Loan Servicer Advance" means any advance made by the Loan Servicer of any amount payable under the Mortgage Note upon the Borrower's failure to pay such amount when due, including, but not limited to, a Required Mortgage Payment.

"Mortgage Loan Payment Amortization Schedule" means the Mortgage Loan Payment Amortization Schedule attached to and made a part of this Credit Facility, as it may be amended from time to time.

"Pass-Through Rate" has the meaning given to that term in the Mortgage Note.

"Principal Portion" has the meaning given to that term in paragraph (i) of Section 2.

"Required Mortgage Payment" means only (a) the regularly scheduled monthly payments of interest (calculated at the Pass-Through Rate), or payments of principal and interest (calculated at the Pass-Through Rate), as the case may be, due and payable under the Mortgage Note on the first day of each month, and (b) on the maturity date of the Mortgage Note, the unpaid principal balance of the Mortgage Note and all accrued and unpaid interest (at the Pass-Through Rate) due on the Mortgage Note as of the maturity date of the Mortgage Note. "Required Mortgage Payment" does not mean and expressly excludes, (a) all other payments due or payable under the Mortgage Note, the Security Instrument and the other Mortgage Loan Documents, such exclusion to extend expressly, without limitation, to (1) interest in excess of interest at the Pass-Through Rate, including that portion of the Mortgage Note Rate that comprises Set Rate Interest, (2) any prepayment of principal and accrued and unpaid interest on the Mortgage Note attributable to such principal, including any payments in respect of the principal of, premium, if any, and interest on, the Bonds payable to the Bondholders upon a redemption of Bonds occasioned by a prepayment of the Mortgage Note, (3) late charges, (4) default interest, (5) payments for reserves, taxes, insurance and other impositions and (6) payments pursuant to any Collateral Agreement (as defined in the Security Instrument) executed in connection with the Mortgage Loan, (b) all payments on the Mortgage Note in respect of the principal of, premium, if any, and the interest on, any Excluded Bond, and (c) all payments due in respect of any Capitalized Interest Payment.

"Security Instrument" has the meaning given to that term in the Mortgage Note.

"Set Rate Interest" has the meaning given to that term in the Mortgage Note.

"Termination Date" has the meaning given to that term in Section 3.1.

1.2 **Rules of Construction**. The following rules of construction shall apply to this Credit Facility:

(i) words importing persons include natural persons, trusts, companies, associations, partnerships, limited liability companies and corporations;

(ii) the singular form of any word used in this Credit Facility, including the terms defined in Section 1.2, shall include the plural, and vice versa, unless the context otherwise requires; the use in this Credit Facility of a pronoun of any gender shall include correlative words of the other gender;

(iii) all references to Certificates shall mean certificates in the forms attached to this Credit Facility;

(iv) all references to Exhibits shall mean Exhibits to this Credit Facility;

(v) sections mentioned by number only are the respective sections of this Credit Facility so numbered;

(vi) references to "this section" or "this subsection" shall refer to the particular section or subsection of this Credit Facility in which such reference appears;

(vii) any captions, titles or headings preceding the text of any section are solely for convenience of reference and shall not constitute part of this Credit Facility, shall not limit or otherwise affect its meaning, construction or effect and shall not be deemed to describe the scope or intent of any provision of this Credit Facility; and

(viii) wherever the term "including" is used in this Credit Facility, such term shall mean "including, but not limited to, and only by way of example."

2. **Amount Available.** The Amount Available of this Credit Facility (a) for Advances other than Bankruptcy-Related Advances is $___________ and (b) for Bankruptcy-Related Advances is $___________ (in either case, as such amount may be reduced or reinstated from time to time under this Credit Facility, the "Amount Available"). Of the Amount Available:

(i) up to $_________ (the "Principal Portion") is available to be advanced to the Trustee for the payment of the unpaid principal balance of the Mortgage Note; and

(ii) up to (a) $___________ (the "Interest Portion") is available to be advanced to the Trustee for the payment of up to thirty-five (35) days of interest actually accrued on the unpaid principal balance of the Mortgage Note at the Pass-Through Rate, calculated on the basis of a 360-day year comprised of twelve 30-day months in connection with Advances other than Bankruptcy-Related Advances and (b) $___________ (the "Bankruptcy-Related Interest Portion") is available to be advanced to the Trustee for the payment of up to one hundred twenty-three (123) days of interest actually accrued on the unpaid principal balance of the Mortgage Note at the Pass-Through Rate, calculated on the basis of a 360-day year comprised of twelve 30-day months in connection with Bankruptcy-Related Advances.

3. <u>Expiration; Earlier Termination; Continuation; Business Day Convention; Cancellation</u>.

3.1 <u>Expiration; Earlier Termination</u>. This Credit Facility expires at 4:00 p.m., Washington, D.C. time, on May 6, 2035 (the "Expiration Date"). This Credit Facility terminates automatically upon the first to occur of (a) the Expiration Date, (b) the honoring by Fannie Mae of an Advance which has the effect of reducing the Principal Portion to zero when such Principal Portion is not subject to reinstatement or (c) Fannie Mae's receipt of a Certificate in the form of Exhibit I (which shall be conclusive evidence of the matters set forth in such Certificate) signed by a person who purports to be an Authorized Officer. The date determined in the preceding sentence is the "Termination Date" of this Credit Facility.

3.2 <u>Business Day Convention</u>. In the event that any date on which this Credit Facility would otherwise expire or terminate shall be a day other than a Business Day, this Credit Facility shall continue in effect and shall not expire or terminate until 4:00 p.m., Washington, D.C. time, on the first Business Day after the date on which this Credit Facility would otherwise expire or terminate.

3.3 <u>Continuation</u>. Notwithstanding the provisions of Sections 3.1 and 3.2, this Credit Facility shall continue in effect beyond the Termination Date solely with respect to Fannie Mae's obligations to make a Bankruptcy-Related Advance with respect to any payment made by the Borrower under the Mortgage Note or with respect to any Loan Servicer Advance made prior to such Termination Date and within one hundred twenty-three (123) days prior to an Act of Bankruptcy until the earlier of the date on which Fannie Mae shall have paid to the Trustee the amount recovered or the date on which all applicable statutes of limitations shall have expired without a claim having been filed (or if any claim shall have been filed prior to such expiration, the latter of the date on which such claim has been denied with prejudice by a final order which is no longer subject to appeal or the date on which such claim has been paid by Fannie Mae). In no event shall this Credit Facility be deemed to continue in effect beyond the Termination Date to the extent that any Advance by Fannie Mae with respect to the Mortgage Loan would be applied by the Trustee to the payment of principal or interest on any Excluded Bond.

3.4 <u>Delivery</u>. This Credit Facility shall be returned by the Trustee to Fannie Mae upon termination of all of Fannie Mae's obligations under this Credit Facility.

4. <u>Advances</u>.

4.1 <u>Certificates</u>. Fannie Mae shall advance funds under this Credit Facility upon presentation of the applicable Certificate by the Trustee to Fannie Mae at the address and in the manner set forth in Section 12.1. Any Certificate submitted to Fannie Mae by the Trustee shall (a) have all blanks appropriately completed, (b) be signed by an Authorized Officer and (c) be a Certificate in the form of:

(i) Exhibit A (a "Scheduled Payment Advance") if the Advance is requested by the Trustee because, as of 3:00 p.m., Washington, D.C. time, on the Business Day immediately following a Due Date, the Trustee either (a) has not received a Required Mortgage Payment or (b) has received payment of an amount less than the amount of the Required Mortgage Payment due to the Trustee on the Due Date;

(ii) Exhibit B (an "Extraordinary Advance") if the Advance is requested by the Trustee (a) as a result of an acceleration of the Bonds pursuant to Section 9.2 of the Indenture, or (b) in connection with a special mandatory redemption of the Bonds pursuant to Section 3.3(2), 3.3(3), 3.3(4) or 3.3(5) of the Indenture, including any such Advance applied to the Purchase of Bonds pursuant to Section 3.9; and

(iii) Exhibit C (a "Bankruptcy-Related Advance") if the Advance is requested by the Trustee with respect to any payment made by the Borrower under the Mortgage Note or any Loan Servicer Advance which is (a) recovered from any Bondholder as a result of an Act of Bankruptcy or (b) prevented from being paid to the Bondholders as a result of the imposition of an automatic stay pursuant to the Bankruptcy Code.

4.2 **Manner of Payment**. All Advances made under this Credit Facility will be made in immediately available funds of Fannie Mae. Fannie Mae, by delivery of a Notice of Credit in the form attached to this Credit Facility as Exhibit H, may direct the Trustee from time to time to effect an Advance by deducting the amount of the Advance from an account maintained by Fannie Mae with the financial institution serving as Trustee; any such deduction shall constitute payment under this Credit Facility.

4.3 **Exclusions**. The Trustee shall not request Advances, and Advances shall not be made under this Credit Facility to pay (a) the principal of, or interest on, or the purchase price of, any Excluded Bond, (b) premium that may be payable upon the redemption of any Bond or (c) interest that may accrue on the Mortgage Note or any Bond after the maturity of the Mortgage Note or such Bond.

5. **Timing of Advances.**

5.1 **Presentation of Certificates**. Funds under this Credit Facility are available to the Trustee upon presentation of the Trustee's appropriately completed Certificate in the form of Exhibit A, B or C, as stated in Section 4.1, provided such presentation is made in accordance with Section 12.1. In lieu of presentation to Fannie Mae of a Certificate required by this Credit Facility, the Trustee may transmit the Certificate to Fannie Mae by means of telecopy (such transmission to be immediately followed by telephonic notice) in accordance with Section 12.1. Fannie Mae may provide for a means of electronic submission of Certificates by subsequent notice to the Trustee.

5.2 **Payment of Advance**. Fannie Mae agrees that upon proper presentation of a Certificate which conforms strictly to the terms and conditions of this Credit Facility, Fannie Mae will honor the Certificate and pay the amount specified in the Certificate in accordance with the following:

(i) If a Certificate in respect of a Scheduled Payment Advance, an Extraordinary Advance or a Bankruptcy-Related Advance is presented under this Credit Facility:

(A) at or prior to 12:00 noon, Washington, D.C. time, on a Business Day, and provided that the Certificate so presented conforms to the requirements of this Credit Facility, no later than 12:00 noon, Washington, D.C. time, on the fifth Business Day following such presentation, Fannie Mae shall pay the specified amount to the Trustee; or

(B) after 12:00 noon, Washington, D.C. time, on a Business Day, and provided that the Certificate so presented conforms to the requirements of this Credit Facility, no later than 12:00 noon, Washington, D.C. time, on the sixth Business Day following such presentation, Fannie Mae shall pay the specified amount to the Trustee.

6. Reduction; Reinstatement.

6.1 Reduction.

6.1(1) Principal Portion. The Principal Portion of the Amount Available shall be reduced permanently and automatically, without the possibility of reinstatement, by (a) the portion of the amount of each Scheduled Payment Advance, Extraordinary Advance and Bankruptcy-Related Advance made by Fannie Mae under this Credit Facility allocable to principal payable under the Mortgage Note, or (b) the principal amount specified in a Certificate of Reduction in the form of Exhibit E, signed by a person who purports to be an Authorized Officer, delivered to Fannie Mae. The portion of each Scheduled Payment Advance, Extraordinary Advance and Bankruptcy-Related Advance allocable to principal payable under the Mortgage Note shall (a) in the case of a Scheduled Payment Advance, be equal to the principal portion of the Required Mortgage Payment covered by the Scheduled Payment Advance (determined by reference to the Mortgage Loan Payment Amortization Schedule) or (b) in the case of an Extraordinary Advance, or a Bankruptcy-Related Advance, be equal to the principal portion of the Mortgage Note covered by the Extraordinary Advance or the Bankruptcy-Related Advance. The Principal Portion of the Amount Available shall also be reduced permanently and automatically, without the possibility of reinstatement, ninety-one (91) days after (a) each payment on the Mortgage Note by the Borrower to the extent such payment reduces the outstanding principal balance of the Mortgage Note, the amount of the reduction to be an amount equal to the portion of the Borrower's Mortgage Note payment applied to reduce the outstanding principal balance of the Mortgage Note (determined by reference to the Mortgage Loan Payment Amortization Schedule, unless otherwise specified by Fannie Mae) or (b) each Loan Servicer Advance which reduces the outstanding principal balance of the Mortgage Note, the amount of such reduction to be in an amount equal to the portion of the Loan Servicer's Advance applied to reduce the outstanding principal balance of the Mortgage Note (determined by reference to the Mortgage Loan Payment Amortization Schedule, unless otherwise specified by Fannie Mae), provided that, in the case of (1) a payment by the Borrower, an Act of Bankruptcy has not occurred as to the Borrower within such ninety-one (91) day period, and (2) a Loan Servicer Advance, an Act of Bankruptcy has not occurred as to the Loan Servicer within such ninety-one (91) day period. Fannie Mae shall notify the Trustee in writing, within ten (10) days after receipt of written notice from the Loan Servicer of the application of any payment on the Mortgage Note by the Borrower or any Loan Servicer Advance applied to reduce the outstanding principal balance of the Mortgage Note other than in accordance with the Mortgage Loan Payment Amortization Schedule, and the amount of such reduction.

6.1(2) Interest Portion. The Interest Portion of the Amount Available shall be reduced by (a) the Interest Portion of the amount of each Scheduled Payment Advance, Extraordinary Advance and Bankruptcy-Related Advance made by Fannie Mae under this Credit Facility, subject to reinstatement as provided in Section 6.2(2) or (b) the amount specified in a Certificate of Reduction in the form of Exhibit E, signed by a person who purports to be an Authorized Officer, delivered to Fannie Mae. The Interest Portion of the Amount Available shall be reduced permanently and automatically in an amount equal to thirty-five (35) days interest calculated at the Pass-Through Rate on the basis of a 360-day year comprised of twelve 30-day months in the amount of any permanent reduction in the Principal Portion of the Amount Available.

6.1(3) Reduction Without Exception. Reductions of the Principal Portion and the Interest Portion under Section 6.1(1) and Section 6.1(2), respectively, shall be automatic, notwithstanding any acts or omissions, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance under this Credit Facility or the proceeds of any Advance or otherwise in connection with this Credit Facility.

6.2 Reinstatement - Scheduled Payment Advance or Extraordinary Advance.

6.2(1) Reinstatement of Principal Portion. The Principal Portion of any Scheduled Payment Advance or any Extraordinary Advance shall not be reinstated.

6.2(2) Reinstatement of Interest Portion. The Interest Portion of a Scheduled Payment Advance shall, subject to permanent reduction in an amount equal to thirty-five (35) days interest calculated at the Pass-Through Rate on the basis of a 360-day year comprised of twelve 30-day months in the amount of the permanent reduction in the Principal Portion of the Amount Available on account of such Scheduled Payment Advance, be reinstated immediately and automatically in an amount equal to the amount of the Interest Portion of the Scheduled Payment Advance subject, however, to any permanent reduction of the Interest Portion in connection with a permanent reduction of the Principal Portion of the Amount Available, as provided above. Subject to the foregoing, there shall be no reinstatement of the Interest Portion.

6.3 Reinstatement; Bankruptcy-Related Advance.

6.3(1) Principal Portion. Bankruptcy-Related Advances of the Principal Portion of the Amount Available under this Credit Facility for payment of amounts paid by the Borrower as principal of the Mortgage Note or by the Loan Servicer as a Loan Servicer Advance and either (a) recovered from Bondholders pursuant to the Bankruptcy Code or (b) made subject to the automatic stay prior to payment to the Bondholders shall not be reinstated and the Principal Portion of the Amount Available shall be reduced permanently and automatically by an amount equal to the amount of principal so paid.

6.3(2) Interest Portion. Bankruptcy-Related Advances of the Bankruptcy-Related Interest Portion shall reinstate immediately and automatically, provided that the Bankruptcy-Related Interest Portion shall be reduced permanently and automatically in an amount equal to one hundred twenty-three (123) days of interest at the Pass-Through Rate, calculated on the basis of a 360-day year comprised of twelve 30 day months, in the amount of any permanent reduction in the Principal Portion of the Amount Available on account of a Bankruptcy-Related Advance.

6.4 Substitute Credit Facility. Upon any reduction in the Amount Available under this Credit Facility, as provided in this Credit Facility, Fannie Mae may deliver to the Trustee a substitute Credit Facility in exchange for this Credit Facility, which shall have an amount available equal to the amount to which the Amount Available shall have been so reduced, but otherwise having terms identical to this Credit Facility, except for such changes in dollar amount corresponding to such permanent reduction or otherwise identifying any substitute Borrower or any substitute Mortgage Loan Document.

7. Discharge of Obligations. Only the Trustee may present a Certificate for an Advance under this Credit Facility. Subject to the reinstatement provisions of Sections 6.2 and 6.3, upon the payment to the Trustee of the amount specified in a Certificate presented under this Credit Facility, Fannie Mae shall be fully discharged of its obligations under this Credit Facility with respect to the amount paid under such Certificate and Fannie Mae shall not thereafter be obligated to make any further payments under this Credit Facility in respect of the amount paid under such Certificate to the Trustee or any other person who may have made to the Trustee or makes to the Trustee a demand for payment of principal of, or interest on, the Mortgage Note or any Bond.

8. Nature of Fannie Mae's Obligations. Fannie Mae's obligation to make an Advance to the Trustee upon the proper presentation of a Certificate which conforms strictly to the terms and conditions of this Credit Facility (a) are absolute, unconditional and irrevocable, (b) shall be fulfilled strictly in accordance with this Credit Facility and (c) shall not be affected by any rights of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer, the Trustee, the Borrower, the Loan Servicer or any other person. Fannie Mae's obligations under this Credit Facility are primary obligations and shall not be suspended, discontinued, reduced, terminated or affected by the performance or non-performance by the Issuer under the Indenture or the Bonds or the Borrower under the Mortgage Note or the Reimbursement Agreement or by the performance or non-performance of any party under any agreement between or among the Issuer and the Trustee, the Issuer and the Borrower or the Borrower and Fannie Mae, including but not limited to, the Reimbursement Agreement.

9. **Transfer**. This Credit Facility may be successively transferred in its entirety (but not in part) upon presentation to Fannie Mae of an appropriately completed transfer form attached as Exhibit G, signed by a person who purports to be an Authorized Officer, to the transferee specified in such Certificate. Except as provided in the preceding sentence, the Trustee shall not transfer, assign or release this Credit Facility other than to Fannie Mae on termination.

10. **Non-Conformance of Documentation**. If a request for payment under this Credit Facility made by the Trustee does not conform strictly to the terms and conditions of this Credit Facility, Fannie Mae will notify the Trustee of such lack of conformity within a reasonable time after delivery of such request for payment, such notice to be promptly confirmed in writing to the Trustee, and Fannie Mae shall hold any documents at the Trustee's disposal or, at the Trustee's option, return the same to the Trustee.

11. **Credit Facility Following Foreclosure**. In the event that Fannie Mae acquires the Project through foreclosure, by accepting a deed-in-lieu of foreclosure or by comparable conversion of the Mortgage Loan, this Credit Facility shall continue in full force and effect. After any such conversion of the Mortgage Loan, Fannie Mae may deliver to the Trustee a substitute Credit Facility in exchange for this Credit Facility, which shall have an amount available equal to the amount to which the Amount Available may have been so reduced, but otherwise having terms identical to this Credit Facility, except for such changes in dollar amount corresponding to permanent reduction in the Amount Available or otherwise identifying any substitute Borrower or revised Mortgage Loan Documents.

12. **Notice.**

12.1 **Fannie Mae**. All documents, notices, Certificates and other communications (a) must be in writing and (b) personally delivered to Fannie Mae at 3900 Wisconsin Avenue, NW, Washington, D.C. 20016, Attention: Director, Multifamily Asset Servicing or may be sent to Fannie Mae by telecopy to the following number: Telecopy No. (202) 752-8369 and (c) must make specific reference to this Credit Facility by the Mortgage Loan number relating to this Credit Facility. All telephonic notices confirming telecopy communications to Fannie Mae shall be made to the Vice President, Multifamily Operations at Telephone No. (202) 752-7869. Fannie Mae shall notify the Trustee in writing of any change in address or telecopy number to which all documents, notices and other communications should be delivered or of any changes relating to the person to be called for telephonic notices confirming telecopy communications. Any such written notice shall upon receipt by the Trustee be immediately binding under this Credit Facility.

12.2 **Trustee**. All notices to the Trustee under this Credit Facility sent by telecopy shall be addressed to it at Telecopy No. (410) 244-4236. Such number may be changed only by presentation to Fannie Mae of a letter executed by an Authorized Officer certifying that he or she is such an officer, in form satisfactory to Fannie Mae and specifying a different Telecopy Number.

13. **Entire Credit Facility**. This Credit Facility sets forth in full the terms of Fannie Mae's undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit Facility (including, but not limited to, the Bonds) or in which this Credit Facility is referred to or to which this Credit Facility relates, except for the Exhibits referred to in this Credit Facility; any such reference shall not be deemed to incorporate into this Credit Facility by reference any document, instrument or agreement except for such Exhibits.

14. **Governing Law**. The Credit Facility shall be governed by the laws of the District of Columbia, including the Uniform Commercial Code as in effect in the District of Columbia.

[The remainder of this page has been left blank intentionally.]

FANNIE MAE

By: ____________________________________
Name: __________________________________
Title: ___________________________________

Signed __________________, 2002; effective as of the Closing Date.

EXHIBIT A

CERTIFICATE FOR "SCHEDULED PAYMENT ADVANCE"

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Any capitalized term used but not defined in this Certificate shall have the meaning given that term in the Credit Facility (as defined below).

The Trustee named below (the "Trustee"), by the undersigned, a duly Authorized Officer of the Trustee, certifies to Fannie Mae, with reference to the Standby Credit Enhancement Instrument (the "Credit Facility"), that:

(1) The Trustee is the Trustee under the Indenture.

(2) The Trustee has not received a Required Mortgage Payment due to the Trustee on the Due Date falling on __________, or has received a payment on or before such Due Date but in an amount less than the amount of the Required Mortgage Payment due to the Trustee on such Due Date.

(3) The amount of the Required Mortgage Payment due to the Trustee on the Due Date was $___________.

(4) The Trustee received a payment on or before the Due Date in an amount equal to $___________, which amount is less than the amount of the Required Mortgage Payment due to the Trustee on the Due Date.

(5) The amount of the deficiency in the Required Mortgage Payment is $_____________.

(6) The Trustee requests payment of a Scheduled Payment Advance in the amount of the deficiency in the Required Mortgage Payment, which amount is $______________.

(7) The amount of the requested Advance does not exceed the Amount Available for a Scheduled Payment Advance and was determined in accordance with the Mortgage Loan Payment Amortization Schedule.

(8) In accordance with the Mortgage Loan Payment Amortization Schedule, the portion of the requested Advance representing principal on the Mortgage Note is $______________, and the portion of the requested Advance representing interest on the Mortgage Note is $_____________.

(9) Upon receipt by the Trustee of the Advance requested by this Certificate, the Trustee will deposit the Advance into the Credit Facility Account of the Revenue Fund held under the Indenture and will

apply the Advance solely for the purposes specified in the Indenture; no portion of such amount shall be applied by the Trustee for any purpose other than as specified in the Indenture.

(10) Payment of the Advance shall be made to the Trustee at [SPECIFY ACCOUNT].

(11) Upon payment in accordance with this Certificate, the Amount Available to be requested by the Trustee under the Credit Facility in respect of the Principal Portion is reduced to $___________ and the Amount Available to be requested by the Trustee in respect of the Interest Portion is reduced to $________________, subject to reinstatement in accordance with the Credit Facility.

The Trustee has executed and delivered this Certificate on ______________.

ALLFIRST BANK, as Trustee

By:___________________________
Authorized Officer

EXHIBIT B

CERTIFICATE FOR "EXTRAORDINARY ADVANCE"

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Any capitalized term used but not defined
in this Certificate shall have the meaning
given that term in the Credit Facility (as
defined below).

The Trustee named below (the "Trustee"), by the undersigned, a duly Authorized Officer of the Trustee, certifies to Fannie Mae, with reference to the Standby Credit Enhancement Instrument (the "Credit Facility"), that:

(1) The Trustee is the Trustee under the Indenture.

(2) Either (check applicable box):

☐ (A) payment of the Bonds has been accelerated in accordance with and as permitted by Section 9.2 of the Indenture; or

☐ (B) the Trustee has received a prepayment of the Mortgage Loan following the involuntary destruction or loss of the Mortgaged Property in its entirety or nearly in its entirety as a result of casualty or condemnation or an award in lieu of condemnation and the sum of (1) the Proceeds (as defined in Section 3.3(4) of the Indenture) applied to the prepayment of the Mortgage Note, (2) funds, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture to be applied, at the direction of Fannie Mae, to the payment of the Mortgage Loan and (3) funds provided by the Borrower pursuant to the Financing Agreement, is less than the unpaid principal balance of the Bonds Outstanding and therefore insufficient to effect a special mandatory redemption of the Bonds pursuant to Section 3.3(4) of the Indenture; or

☐ (C) the Bonds are subject to special mandatory redemption in whole pursuant to Section 3.3(3) of the Indenture or the Trustee has received Fannie Mae's written direction or written consent to effect a special mandatory redemption of the Bonds in whole in accordance with paragraph (i) or (ii) of Section 3.3(5) of the Indenture; or

☐ (D) the Trustee has received Fannie Mae's written direction to effect a special mandatory redemption of the Bonds in part in accordance with paragraph (i) of Section 3.3(5) of the Indenture; or

☐ (E) the Trustee has transferred amounts remaining in the Mortgage Loan Fund to the Redemption Account pursuant to Section 4.3(4)(i) of the Indenture in order to effect a special mandatory redemption of Bonds pursuant to Section 3.3(2) of the Indenture, and the Borrower has failed to pay in full, when due, as required by paragraph (i) of Section 3.2(2) of the Financing Agreement, the interest payable on the Bonds to be redeemed, on account of such redemption, to the Redemption Date.

(3) The amount of the requested Advance (check applicable box):

□ (A) under paragraph (2)(A) of this Certificate is $___________, which amount is sufficient, and does not exceed the amount necessary, after taking into account moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture, which amount under the Indenture is $____________, to provide for payment of the outstanding principal balance of the Mortgage Loan, plus accrued interest on the Mortgage Loan at the Pass-Through Rate to the date of the Trustee's declaration of acceleration of the Bonds;

□ (B) under paragraph (2)(B) of this Certificate is $___________, which amount is sufficient, and does not exceed the amount necessary, after taking into account the sum of (a) the amount of the Proceeds applied to the prepayment of the Mortgage Note, which amount is $___________, (b) moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture to be applied, at the direction of Fannie Mae, to the payment of the Mortgage Loan, which amount is $______________ and (c) funds provided by the Borrower pursuant to the Financing Agreement, which amount is $____________, and the sum of all of which is $_____________, to provide for payment of the outstanding principal balance of the Mortgage Loan, plus accrued interest on the Mortgage Loan at the Pass-Through Rate to the date of the redemption of the Bonds and, therefore, to redeem all of the Bonds Outstanding; and

□ (C) under paragraph (2)(C) of this Certificate is $_______________, which amount is sufficient, and does not exceed the amount necessary, after taking into account, at the direction of Fannie Mae, moneys, if any, on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture, which amount under the Indenture is $________________, to provide, with respect to a special mandatory redemption of the Bonds in whole under Section 3.3(3) or 3.3(5) of the Indenture, for payment of the outstanding principal balance of the Mortgage Loan, plus accrued interest on the Mortgage Loan at the Pass-Through Rate to the date of the redemption of the Bonds; or

□ (D) under paragraph (2)(D) of this Certificate is $_______________, which amount is sufficient and does not exceed the amount necessary, after taking into account, at the direction of Fannie Mae, moneys, if any, held by the Trustee in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund and the Fees Account) under the Indenture, which amount under the Indenture is $_______________, to provide, with respect to a special mandatory redemption in part pursuant to paragraph (i) of Section 3.3(5) of the Indenture, for payment of the amount by which the principal balance of the Mortgage Loan is to be paid in part, plus accrued interest on the Mortgage Loan at the Pass-Through Rate to the date of the redemption of the Bonds Outstanding to be redeemed; the portion of the requested Advance representing principal on the Mortgage Note is $______________ and the portion of the requested Advance representing interest on the Mortgage Note is $____________.

□ (E) under paragraph (2)(E) of this Certificate is $ ______, which amount is sufficient and does not exceed the amount necessary, taking into account any payment made by the Borrower pursuant to paragraph (i) of Section 3.2(2) of the Financing Agreement with respect to interest due on the Bonds to be redeemed pursuant to Section 3.3(2) of the Indenture, to provide for payment of the interest due to the Bondholders to the date of the redemption of the Bonds to be redeemed.

(4) The amount of the requested Advance does not exceed the Amount Available.

(5) Upon receipt by the Trustee of the Advance requested by this Certificate, the Trustee will deposit the Advance into the Credit Facility Account of the Revenue Fund held under the Indenture and will apply the Advance solely for the purposes specified in the Indenture; no portion of such amount shall be applied by the Trustee for any purpose other than as specified in the Indenture.

(6) Payment of the Advance shall be made to the Trustee at **[SPECIFY ACCOUNT]**.

(7) Upon payment in accordance with this Certificate, the Amount Available to be requested by the Trustee under the Credit Facility in respect of the Principal Portion is reduced to $___________ and the Amount Available to be requested by the Trustee in respect of the Interest Portion is reduced to $_______________.

The Trustee has executed and delivered this Certificate on ______________.

ALLFIRST BANK, as Trustee

By:___________________________
Authorized Officer

EXHIBIT C

CERTIFICATE FOR "BANKRUPTCY-RELATED ADVANCE"

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Any capitalized term used but not defined in this Certificate shall have the meaning given that term in the Credit Facility (as defined below).

The Trustee named below (the "Trustee"), by the undersigned, a duly Authorized Officer of the Trustee, certifies to Fannie Mae, with reference to the Standby Credit Enhancement Instrument (the "Credit Facility"), that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) Either (check applicable box):

☐ (A) the Borrower has made a payment under the Mortgage Note or the Loan Servicer has made a Loan Servicer Advance, in either case which payment was used to pay interest or principal of and interest on the Bonds, and such payment would have been made by Fannie Mae had (a) the Borrower failed to make such payment, (b) the Loan Servicer failed to make a Loan Servicer Advance in lieu of such payment and (c) the Trustee properly presented a Certificate to Fannie Mae in the form of Exhibit A; or

☐ (B) the Borrower made (a) a Pre-Conversion Loan Equalization Payment or (b) an optional prepayment under the Mortgage Note which has resulted in an optional redemption of Bonds which optional prepayment and redemption were consented to in writing by Fannie Mae; or

☐ (C) a payment was made to the Bondholders with moneys held under the Indenture to pay the principal of or interest on the Bonds; and

(3) Either (check applicable box):

☐ (A) the payments received by the Bondholders, as described in paragraph (2) above, have been recovered from Bondholders pursuant to sections 547, 549 or 550 of the Bankruptcy Code (or pursuant to any successor provisions of law) pursuant to a final nonappealable order of a court of competent jurisdiction in any proceeding instituted under such Bankruptcy Code; or

☐ (B) the Trustee has been prevented from using moneys on deposit under the Indenture to pay an amount due to Bondholders pursuant to the terms of the Indenture as a result of the imposition of the automatic stay by a bankruptcy court under Section 362 of the Bankruptcy Code (or pursuant to any successor provision of law).

(4) The Trustee requests an Advance under the Principal Portion of the Credit Facility in the amount of $____________ and under the Bankruptcy-Related Interest Portion Amount Available of the Credit Facility in the amount of $____________.

(5) Either (check applicable box):

☐ (A) the amount of principal of Bonds that has been recovered from Bondholders is $____________, and the amount of interest on the Bonds that has been recovered is $____________, and the total amount of the requested Advance referred to in paragraph (4) does not exceed such amount; or

☐ (B) the amount of principal of the Bonds that is subject to the automatic stay is $___________, and the amount of interest on the Bonds that is subject to the automatic stay is $_____________, and the total amount of the requested Advance referred to in paragraph (4) does not exceed such amount;

(6) The amount of the requested Advance does not exceed the Principal Portion of the Amount Available or the Bankruptcy-Related Interest Portion of the Amount Available, respectively, on the date of this Certificate.

(7) In accordance with the Mortgage Loan Payment Amortization Schedule, the portion of the requested Advance representing principal on the Mortgage Note is $______________, and the portion of the requested Advance representing interest on the Mortgage Note is $_____________.

(8) Upon receipt by the Trustee of the Advance requested by this Certificate, the Trustee will deposit the Advance into the Credit Facility Account of the Revenue Fund held under the Indenture and will apply the Advance solely for the purposes specified in the Indenture; no portion of such amount shall be applied by the Trustee for any purpose other than as specified in the Indenture.

(9) Payment of the Advance shall be made to the Trustee at **[SPECIFY ACCOUNT]**.

(10) Upon payment in accordance with this Certificate, the Principal Portion of the Amount Available is reduced to $___________ and the Bankruptcy-Related Interest Portion of the Amount Available is reduced to $__________, subject to reinstatement in accordance with the Credit Facility.

The Trustee has executed and delivered this Certificate on ______________.

ALLFIRST BANK, as Trustee

By:___________________________
Authorized Officer

EXHIBIT D

RESERVED

EXHIBIT E

CERTIFICATE OF REDUCTION

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Any capitalized term used but not defined in this Certificate shall have the meaning given that term in the Credit Facility (as defined below).

The Trustee named below (the "Trustee"), by the undersigned, a duly Authorized Officer of the Trustee, certifies to Fannie Mae, with reference to the Standby Credit Enhancement Instrument (the "Credit Facility"), that:

(1) The Trustee is the Trustee under the Indenture.

(2) The aggregate principal amount of Bonds Outstanding has been reduced to $_______________.

(3) Effective on **[INSERT DATE]**, the Amount Available under the Credit Facility shall be reduced by an amount equal to the sum of $___________, representing (a) the amount of $___________ with respect to the payment of the principal or that portion of the purchase price of Bonds applicable to the principal amount of the Bonds, and (b) the amount of $_____________ with respect to the payment of interest or that portion of the purchase price of Bonds applicable to accrued interest on the Bonds, all in accordance with the terms and conditions of the Indenture.

By its execution of this Certificate, the Trustee certifies to Fannie Mae that the Trustee is authorized to deliver this Certificate to Fannie Mae and that the amounts specified in paragraph (iii) above have been determined in accordance with the terms and conditions of the Indenture.

The Trustee has executed and delivered this Certificate on ______________.

ALLFIRST BANK, as Trustee

By:___________________________
Authorized Officer

EXHIBIT F

CERTIFICATE OF REINSTATEMENT

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Any capitalized term used but not defined in this Certificate shall have the meaning given that term in the Credit Facility (as defined below).

The Trustee named below (the "Trustee"), by the undersigned, a duly Authorized Officer of the Trustee, certifies to Fannie Mae, with reference to the Standby Credit Enhancement Instrument (the "Credit Facility"), that:

(1) The Trustee is the Trustee under the Indenture.

(2) The Trustee has received and is transferring to Fannie Mae an amount not less than the amount set forth in paragraph (3).

(3) Upon receipt by Fannie Mae of this Certificate and $_________, (a) the Principal Portion of the Amount Available under the Credit Facility shall be increased by $____________, which amount which shall not increase the Principal Portion to an amount in excess of the original Principal Portion of the Amount Available, less any Advances for principal which have not been reinstated in accordance with the express terms of the Credit Facility and (b) the Interest Portion of the Amount Available under the Credit Facility shall be increased by $______________, which amount which shall not increase the Interest Portion to an amount in excess of the original Interest Portion of the Amount Available less any Advances for interest which have not been reinstated in accordance with the express terms of the Credit Facility, subject to the right of Fannie Mae to reinstate such amounts as set forth in the Credit Facility.

The Trustee has executed and delivered this Certificate on ______________.

ALLFIRST BANK, as Trustee

By:___________________________
Authorized Officer

EXHIBIT G

CERTIFICATE FOR SUCCESSOR TRUSTEE

Fannie Mae
3900 Wisconsin Avenue, NW
Washington, D.C. 20016

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Ladies and Gentlemen:

With reference to your Standby Credit Enhancement Instrument relating to the above-referenced Bonds (the "Credit Facility"), we transfer all rights in the Credit Facility to ___________________, subject to the terms and conditions of the Credit Facility. We certify that the transferee is the successor Trustee under the Indenture referred to in the Credit Facility and such successor Trustee has been approved in writing by Fannie Mae. The transferee has acknowledged below that it is the successor Trustee.

By this transfer, all rights of the undersigned beneficiary in the Credit Facility are transferred to the transferee and the transferee shall have the sole rights as beneficiary of the Credit Facility, including sole rights relating to any amendments, whether increase or extensions or other amendments and whether now existing or made in the future. All amendments are to be advised direct to the transferee.

Dated:

ALLFIRST BANK, as Trustee

By:_______________________
Authorized Officer

The above signature of an Authorized Officer or other authorized representative conforms to that on file with us. The Authorized Officer or other representative is authorized to sign for the Trustee.

Bank:______________________

By:________________________________
Name: ____________________________
Authorized Officer

____________ hereby acknowledges that it is the successor to _____ as Trustee under the Indenture.

By: _____________________________
Authorized Officer

EXHIBIT H

NOTICE OF CREDIT

[TRUSTEE]

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Ladies and Gentlemen:

Until further notice, you are authorized to deduct the amount of an Advance under the Standby Credit Enhancement Instrument relating to the above-referenced Bonds from the following Fannie Mae account maintained at your institution:

____
____
____

FANNIE MAE

By: ________________________
Name: ______________________
Title: ______________________

EXHIBIT I

NOTICE OF TERMINATION

Fannie Mae
3900 Wisconsin Avenue, NW
Washington, D.C. 20016

$_________
Community Development Administration
Maryland Department of Housing and Community Development
Multifamily Development Revenue Bonds
(Orchard Mews Apartments Project)
Series 2002 C

Re: Standby Credit Enhancement Instrument (the "Credit Facility")

Gentlemen:

The undersigned, a duly Authorized Officer of the undersigned Trustee (the "Trustee), certifies to Fannie Mae, with respect to the above-referenced Credit Facility, that the Trustee is authorized to file this notice pursuant to the Indenture. Any capitalized terms used but not defined in this Notice shall have the meaning given to that term in the Credit Facility.

The undersigned certifies to Fannie Mae that none of the Bonds are Outstanding under the Indenture other than, if applicable, Excluded Bonds.

Pursuant to the Indenture we are delivering the Credit Facility to you for cancellation.

Very truly yours,

ALLFIRST BANK, as Trustee

Dated: ___________________

By:____________________________
Authorized Officer