

OFFICIAL STATEMENT DATED MAY 29, 2008

NEW ISSUE/BOOK-ENTRY ONLY

Rating: Moody's: "MIG-1" (See "Ratings" herein)

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes, except interest on a Bond for any period during which that Bond is held by a "substantial user" or a "related person", as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, (ii) interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from District taxation, except estate, inheritance and gift taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$5,100,000

**District of Columbia Housing Finance Agency
Collateralized Multifamily Housing Revenue Bonds
(Arthur Capper ACC Townhomes Phase I Project), Series 2008**

Dated: Date of Delivery

Maturity: As shown below

The above-captioned Bonds (the "Bonds") are being issued by the District of Columbia Housing Finance Agency (the "Issuer") to fund a loan to Capper Residential I, L.P. (the "Borrower"), the proceeds of which will be used to finance a portion of the construction and equipping of 39 townhome units located in the District of Columbia (the "Project"). The Issuer is issuing the Bonds pursuant to a Trust Indenture dated as of May 1, 2008 (the "Indenture") between the Issuer and Regions Bank, as trustee. The Issuer will loan the proceeds of the Bonds to the Borrower pursuant to the terms of a certain Loan Agreement dated as of May 1, 2008 (the "Loan Agreement") between the Issuer and the Borrower.

The Bonds will be issued as fully registered bonds and when issued will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases of Bonds will be made in book-entry form only in principal amounts of \$5,000 each and integral multiples thereof. Individual purchasers of Bonds will not receive certificates evidencing their interest in the Bonds. So long as the Bonds are in book-entry form only, all payments of principal of and interest on the Bonds will be made by the Trustee to DTC or its successors. Disbursement of such payments from DTC to the DTC Participants is the responsibility of DTC and disbursement to the Beneficial Owners is the responsibility of the DTC Participants. The Bonds will bear interest from their dated date payable semiannually on May 1 and November 1 of each year commencing November 1, 2008.

Disbursement of each advance of Bond proceeds will be conditioned, among other things, on the deposit by the District of Columbia Housing Authority ("DCHA") under an Escrow and Security Agreement, dated as of May 1, 2008 (the "Escrow Agreement") between DCHA, the Borrower, the Issuer and Regions Bank as escrow agent (the "Escrow Agent"), of an equal amount of funds. See "APPENDIX D — DOCUMENT SUMMARIES and "SECURITY FOR THE BONDS" herein.

THE BONDS, THE PRINCIPAL OF AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND ASSETS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND THE ESCROW AGREEMENT AND FROM NO OTHER REVENUES OR ASSETS OF THE ISSUER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE DISTRICT OF COLUMBIA, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT OF COLUMBIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>CUSIP</u>	<u>Price</u>
May 1, 2011	4.25%	\$5,100,000	25477P JE6	100%

The Bonds are offered when, as and if issued by the Issuer, subject to approval of their legality by Squire, Sanders & Dempsey L.L.P., Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsel, Womble Carlyle Sandridge & Rice, PLLC, Washington, D.C., for the Issuer by its General Counsel, Harry T. Alexander, Jr., and for the Underwriter by its co-counsel, Eichner & Norris PLLC, Washington, D.C. and McKenzie & Associates, Washington, D.C. The Bonds are expected to be available for delivery in New York, New York through the facilities of DTC on or about May 30, 2008.



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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. No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower or the Underwriter 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 representation 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.

The information set forth herein has been furnished by the Issuer, the Borrower and other sources which are believed to be reliable, but has not been independently verified, and such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Borrower or the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Issuer, the Borrower, or any other parties described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Issuer has not approved any information in this Official Statement except information relating to the Issuer under the caption "THE ISSUER" and "NO LITIGATION" (as such information pertains to the Issuer), and takes no responsibility for any other information contained in this Official Statement (other than with respect to the description herein under the caption "THE ISSUER" and "NO LITIGATION" (as such information pertains to the Issuer).

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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.

OFFICIAL STATEMENT

\$5,100,000

**District of Columbia Housing Finance Agency
Collateralized Multifamily Housing Revenue Bonds
(Arthur Capper ACC Townhomes Phase I Project), Series 2008**

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices attached hereto, is to set forth information concerning the offering and sale by the District of Columbia Housing Finance Agency (the “Issuer”) of its \$5,100,000 Collateralized Multifamily Housing Revenue Bonds (Arthur Capper ACC Townhomes Phase I Project), Series 2008 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the District of Columbia Housing Finance Agency Act, Chapter 27 of Title 42 of the D.C. Code, as amended (the “Act”), and the Trust Indenture dated as of May 1, 2008 (the “Indenture”) between the Issuer and Regions Bank, as trustee (the “Trustee”).

The Bonds are being issued for the purpose of funding a loan (the “Loan”) to Capper Residential I, L.P. (the “Borrower”), pursuant to the terms of a certain Loan Agreement dated as of May 1, 2008, between the Issuer and the Borrower (the “Loan Agreement”). The proceeds of the Loan will be used to finance a portion of the construction and equipping of 39 townhome units located in the District of Columbia (the “Project”). The Borrower’s obligations to repay the Loan will be evidenced by a promissory note (the “Note”) from the Borrower to the Issuer.

The Bonds will be secured by a pledge of the loan payments made pursuant to the Loan Agreement. Disbursement of each advance of Bond proceeds will be conditioned, among other things, on the deposit by the District of Columbia Housing Authority (“DCHA”) under an Escrow and Security Agreement, dated as of May 1, 2008 (the “Escrow Agreement”) between DCHA, the Borrower, the Issuer and Regions Bank as escrow agent (the “Escrow Agent”), of an equal amount of funds. See “APPENDIX D — DOCUMENT SUMMARIES” and “SECURITY FOR THE BONDS” herein.

Interest payments due on the Bonds are expected to be made from investment earnings on (i) the Bond proceeds held in the Project Fund under the Indenture and (ii) the funds held in the Escrow Fund under the Escrow Agreement described below. The payment of principal at maturity of the Bonds is expected to be made from funds on deposit in the Escrow Fund and the Project Fund. Therefore, the primary security for the Bonds is the Project Fund and the Escrow Fund. See “Security for the Bonds” herein. The amounts deposited in the Project Fund and the Escrow Fund are to be invested in an investment agreement (the “Investment Agreement”) with GE Funding Capital Market Services, Inc., New York, New York (the “Investment Agreement Provider”). See “INVESTMENT OF AMOUNTS HELD UNDER THE INDENTURE.”

Definitions of certain terms used herein and not otherwise defined are set forth in Appendix A hereto. The descriptions and summaries of the various documents referred to herein do not purport to be comprehensive or definitive, and all such descriptions or summaries are qualified in their entirety by reference to the complete documents, copies of which are available for inspection in the designated office of the Trustee.

THE ISSUER

The Issuer

The Issuer is a corporate body and an instrumentality of the District of Columbia (the “District”), created under the District of Columbia Housing Finance Agency Act, Chapter 27 of Title 42 of the District of Columbia Code, as amended (the “Act”). The Bonds do not constitute obligations of the District, but are special limited obligations of the Issuer payable solely from and secured by the revenues and properties of the Issuer pledged under the Indenture and not from any other revenues or property of the Issuer, and do not constitute an indebtedness or obligation (legal, general, moral, special or otherwise) of the District. Neither the full faith and credit nor the taxing power of the District is pledged for the payment of the principal of, premium, if any, or interest on, the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer, and none of the Bonds or any of the agreements or obligations of the Issuer shall be construed to constitute an indebtedness of the District within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power. See, “SECURITY FOR THE BONDS.”

General

The Issuer was established in 1979 pursuant to the Act as a corporate body which has a legal existence separate from the government of the District but which is an instrumentality of the government of the District created to effectuate certain public purposes. The Act declares that there exists in the District a critical shortage of adequate housing for low and moderate income families, and empowers the Issuer to generate funds from private and public sources to increase the supply and lower the cost of funds available for residential mortgages and construction loans and thereby help alleviate the shortage of adequate housing. The principal office of the Issuer is located at 815 Florida Avenue, N.W., Washington, D.C., 20001; telephone (202) 777-1600.

From the Issuer’s inception to September 30, 1992, the Issuer’s operations were primarily funded by interest-bearing, unsecured advances appropriated by the District. The unsecured advances were to be repaid from income of the Issuer in excess of operating expenses in future years, to the extent such net income is available for such repayment. Pursuant to Public Law 104-194 (enacted September 9, 1996), the appropriated debt of the Issuer including interest thereon was eliminated. Since October 1, 1993, the Issuer’s operating expenses have been funded solely from income derived from certain multifamily financial activities, other financial activities of the Issuer and certain program income derived from its Collateralized Single Family Mortgage Revenue Bond Programs.

Board of Directors

The Act provides for the Issuer to be governed by a Board of Directors (the “Board”) consisting of five members appointed by the Mayor with the advice and consent of the Council of the District of Columbia (the “Council”). The current members of the Board are as follows:

Chairperson – Michael L. Wheat

Michael L. Wheat is a Managing Director in the Public Finance Department of Merrill Lynch & Co. He has been with Merrill Lynch since February 2004. Prior to joining Merrill Lynch, Mr. Wheat, from 1993 to 2004, was a Director in the Public Finance Department of Citigroup Global Markets Inc. (formerly named Salomon Smith Barney), a New York based investment bank. Mr. Wheat was also a Vice President with Lazard Freres and Co. where he was responsible for several of that firm’s financial advisory clients, including the District of Columbia and the Metropolitan Washington Airports Authority.

Prior to becoming an investment banker, Mr. Wheet was a lawyer and local government official in the District. During the period from 1981-1986, he was employed in the Office of the Deputy Mayor for Finance, where he worked on the District's reentry into the capital markets through the first sale of bonds by the city in the twentieth century. During his employment with the District, he was responsible for overseeing the issuance of over \$1 billion of general obligation and revenue bonds by the District. He has also been employed as an attorney by two national law firms engaged in the practice of municipal finance and state and local government law from 1979-1981 and from 1986-1988. Mr. Wheet is a graduate of the University of Pennsylvania Law School, from which he received a Juris Doctorate degree in 1979. He received his A.B. degree from Harvard University in 1976.

Mr. Wheet has more than 22 years of experience in the area of public finance and has participated as issuer, lawyer, financial advisor and investment banker, in the issuance of over \$10 billion of bonds during his career.

Vice Chairperson – Robert Clayton Cooper

Mr. Robert Clayton Cooper was appointed to serve on the Issuer's Board of Directors by Mayor Adrian M. Fenty and was subsequently confirmed by the District's City Council in May 2007. Originally from San Francisco, Mr. Cooper moved to the District of Columbia in 1979, where he attended Howard University (BBA-Finance/Commercial Banking 1984) and George Washington University Law School (JD-1987). Mr. Cooper began his career as an attorney with the law firm of Jackson & Campbell, P.C., where he specialized in real estate transactions, litigation and local administrative law, including zoning and land-use issues. Recently, Mr. Cooper ended his 21 year association with that firm, and opened his own real estate/land use and litigation firm, the law office of Cooper & Crickman, PLLC.

Mr. Cooper is active in local politics, serves on numerous civic and community-based organizations and provides aid and counsel to tenants and tenant associations in purchasing their properties. Although newly appointed, Mr. Cooper was elected to serve on the Board of Directors for the National Conference of State Housing Boards (NCSHB) and he participated in the NCSHB's Educational and Development workshop this past summer. Mr. Cooper's primary mission is to increase the role and exposure of the Issuer in those neighborhoods and communities that have, historically, been underserved by traditional lenders, with appropriate programs and products.

Member – Buwa Binitie

Buwa Binitie has more than 7 years of experience in real estate development and advisory services. Mr. Binitie has been instrumental in assessing development opportunities, managing development teams, as well as planning and underwriting the budget for development projects. Mr. Binitie's development experience also extends towards creating and preserving affordable housing. His latest experience has him administering and managing the implementation of the New Communities Initiative for the Mayor of the District of Columbia.

The New Communities Initiative is a billion dollar comprehensive partnership designed to improve the quality of life for families and individuals living in distressed neighborhoods in Washington, DC. The New Communities Initiative will fight these conditions by transforming highly concentrated low-income neighborhoods into healthy mixed-income neighborhoods.

Prior to serving the District, Mr. Binitie consulted with The Neighborhood Development Company to build a \$27 million, 72 unit 100% affordable apartment building along Georgia Ave, NW. Mr. Binitie has also been engaged by owners and tenant associations alike to guide them through the D.C Tenant's Rights Act which enables renters to acquire their units. Mr. Binitie previously served as the

Director of Quality Control and Client Relations at Real Estate Resource Group ("RRG") where he realized over \$5 million in savings for Fortune 1000 clients during his first two years. At RRG, Mr. Binitie was primarily responsible for managing the strategic and logistic aspect of its lease audit campaign.

In addition to the above, Mr. Binitie serves on the Board of Capital City Charter School and the Washington Area Community Investment Fund (WACIF). Mr. Binitie received a B.S. from New York University and is a graduate of Johns Hopkins' University Master in Real Estate Development Program.

Member – Jacque D. Patterson

As Project Director with the Federal City Council, Patterson focuses on affordable housing, libraries, government operations, education and public safety issues confronting the District of Columbia government. Before joining the Federal City Council, he served the District of Columbia as Community Affairs Coordinator, Office of Community Affairs, Executive Office of the Mayor. Mr. Patterson's career in public service began when he was selected for the Capital City Fellow's Program. His assignments during the fellowship were with the Deputy Chief Finance Officer, Office of Tax & Revenue and the DC Brownfields Program. He also served as a policy analyst, Office of Policy, Planning, and Program Evaluation, DC Department of Health.

In 2006, Mr. Patterson was selected as a Fannie Mae Fellow to receive additional Housing Policy training while attending the Senior Executives in State & Local Government Program at the John F. Kennedy School of Government, Harvard University. Mr. Patterson received his Masters of Public Administration from Central Michigan University and a graduate certification as a Certified Public Manager from George Washington University. He holds an undergraduate degree in Education from Southern Illinois University and is currently pursuing a doctorate at Northeastern University in Law & Policy. Mr. Patterson brings to the Issuer's Board of Directors a deep knowledge of urban affairs, public policy, government operations and finance.

Secretary to the Board – Harry D. Sewell. See "Management" below.

Management

The Act authorizes the Board to appoint, with the advice and consent of the Council of the District of Columbia, an Executive Director who serves as Secretary to the Board. The Executive Director is the Chief Executive Officer of the Issuer and is responsible to the Issuer's Board of Directors for the operation of the Issuer.

Executive Director and Secretary to the Board – Harry D. Sewell

On June 6, 2006, the Board selected Harry D. Sewell as its Executive Director. Mr. Sewell has more than 30 years of public and private sector housing experience. During his professional career, he has held many executive-level positions in housing agencies on the east coast as well as senior positions within private sector development companies. Within the public sector, Mr. Sewell has served as Executive Director of the Housing Authority of the City of Annapolis. As Assistant Secretary for the Maryland Department of Housing and Community Development, he ran the state's Housing Finance Agency, increasing production in its single family and multifamily programs. Mr. Sewell also led the effort for the first in the nation HFA sponsored pooled Capital Fund securitization transaction, and as Director of the Department of Real Estate and Housing in Wilmington, Delaware, he was credited with the innovative reuse of vacant city-owned properties through the creation of several homeownership programs.

Mr. Sewell's private sector experience also demonstrates his commitment to the production of affordable housing. Among the positions he has held are Program Manager for Mid-City Urban, LLC in Silver Spring, MD, Senior Vice President of A&R Management, Inc. and Vice President of ABG Financial Services in Baltimore, Maryland. At Mid-City, Mr. Sewell managed the Planned Unit Development approval process for the Arthur Capper HOPE VI project in SE, Washington. As Vice President at ABG Financial Services in Baltimore, Maryland, he was responsible for originating, underwriting and closing over \$75 million in multifamily loans using FHA Coinsurance and Ginnie Mae Mortgage Backed Securities.

Born and raised in Philadelphia, Pennsylvania, Mr. Sewell received a B.A. in Labor Management Relations from Pennsylvania State University in State College, Pennsylvania. He has served on several boards and held key positions in numerous industry organizations including being a board member for the National Organization of African Americans in Housing and the Maryland Affordable Housing Coalition; Commissioner for the Philadelphia Housing Authority and President of the Quaker Hill Housing Corporation in Wilmington, Delaware.

Deputy Executive Director – Fran D. Makle

Fran D. Makle has almost 30 years of housing finance experience, including eleven years of management with a nationally-recognized state housing finance agency. Ms. Makle has extensive experience in mortgage lending for both single-family and multifamily housing and has been instrumental in the development and implementation of three consecutive award-winning housing programs. In November 2006, Ms. Makle joined the Issuer and currently serves as the Deputy Executive Director for the Issuer. In this capacity, Ms. Makle serves as the Chief Operating Officer for the Issuer and manages the day to day operations.

Previously, Ms. Makle served as the Program Director for Arundel Community Development Services, Inc., the Acting Director and the Deputy Director of the Community Development Administration at the Maryland Department of Housing and Community Development (DHCD), and the Deputy Director of the Division of Development Finance, which includes the Community Development Administration at the Maryland Department of Housing and Community Development.

In 1999, she completed a seven-month executive leadership program with the National Forum for Black Public Administrators. Ms. Makle also received her certification in Housing Finance Development from the University of Maryland School of Public Affairs, and studied Business and Public Administration at Charles Community College.

Associate Executive Director – Allison Ladd

Allison Ladd has over 10 years of experience in housing finance, community development, and government affairs. Throughout her career, Ms. Ladd has served on the senior management teams in various housing finance entities - state, county and local.

Currently, Ms. Ladd serves as the Associate Executive Director of the Issuer. Ms. Ladd joined the Issuer in February 2007 and her primary responsibility is to manage the communications, marketing, and government affairs for the Issuer.

Previously, Ms. Ladd served as the Chief of Staff to the Maryland Department of Housing and Community Development. Prior to joining the Maryland state government, she served as the Special Assistant to the Director of the Prince George's County (MD) Department of Housing and Community Development. While in Prince George's County, Ms. Ladd provided technical oversight and counsel

regarding the issuance of over \$75 million in tax exempt bonds for multifamily and single-family purposes.

Ms. Ladd received a Masters of Community Planning from the University of Maryland, College Park, Maryland and a Bachelor of Arts degree from the University of Rhode Island, Kingston, Rhode Island.

General Counsel – Harry T. Alexander, Jr., Esq.

Mr. Alexander is the Issuer's General Counsel and is responsible for the review and coordination of the Issuer's bond transactions. He also advises the Board of Directors and staff with respect to the legal sufficiency of all Issuer actions, including contracts, procurement, personnel and program matters. Mr. Alexander has been with the Issuer since December of 1999 and was designated Acting General Counsel in July 2000. He is a graduate of Howard University Law School and a member of the District of Columbia Bar. Mr. Alexander has 12 years experience with the Office of the Attorney General for the District of Columbia (formerly the District of Columbia Office of the Corporation Counsel) working in various areas including tax, real estate, bankruptcy, HOME and Community Development Block Grant transactions, and the District's Industrial Revenue Bond program. In October 2001, Mr. Alexander was appointed as the Issuer's General Counsel.

Deputy General Counsel – Tabitha McQueen, Esq.

Ms. McQueen is the Issuer's Deputy General Counsel. She received her law degree from Texas Southern University and is a member of both the District of Columbia Bar and Virginia Bar. Prior to joining the Issuer in December 2006, Ms. McQueen served as an Assistant Attorney General, in the Office of the Attorney General for the District, and prosecuted tax fraud and false claim violations. She also litigated criminal housing code violations and defended the District of Columbia in civil actions while an Assistant Attorney General for over six years. Ms. McQueen began her legal career as a trial attorney and served as a criminal prosecutor and a defense attorney in Virginia and Florida for over three years.

Chief Financial Officer – Solomon Haile

Mr. Haile is the Chief Financial Officer of the Issuer. He has a Bachelor of Science in Accounting from the Haile Selassie 1st University, Addis Ababa, Ethiopia and is a Certified Public Accountant. He is responsible for coordination and oversight of the Issuer's fiscal affairs, including the trustees' reporting of bond fund assets and account balances. He has over 21 years of experience as a financial analyst and accountant, and over 12 years of experience in the area of bond finance.

Director of Public Finance – Anthony L. Waddell

Mr. Waddell has over 10 years of experience in complex mixed-use, mixed-income, mixed-finance (LIHTC, historic tax credits, taxable/tax-exempt bonds, conventional), urban development projects as both a lender and developer. Early in his career, Mr. Waddell served as the executive director of Coppin Heights CDC in Baltimore, and led the Commercial and Multifamily Lending Division of the public-private lending conduit, the Baltimore Community Development Financing Corporation (CDFC), to its highest annual production in its 10-year history, investing/leveraging over \$25 million in debt in difficult to develop Baltimore neighborhoods. After CDFC, Mr. Waddell was hired by Mid-City Urban (MCU) of Washington as a development manager and led its HOPE VI joint ventures with Integral Properties of Atlanta and Forest City of Washington. The two projects together consisted of the development of over 2,100 units of housing (for sale and rental) and over 800,000 square feet of

office/retail/community space. During his five year stay with Mid-City, Mr. Waddell managed over \$700 million worth of development activity. Mr. Waddell joined the Issuer as its Director of Public Finance in July 2006. The Public Finance Department is primarily responsible for originating, underwriting, structuring and closing the issuance of multifamily tax exempt/taxable mortgage revenue bonds and 4% low income housing tax credit projects. Mr. Waddell is a graduate of The Johns Hopkins University School of Professional Studies, now The Carey Business School, where he earned a Masters of Science Degree in Real Estate with a concentration in Institutional Investment and Development.

Director, Home Resource Center – Gwendolyn N. Adams

Since joining the Issuer in 1990, Ms. Adams has directed or participated in the Issuer's Single Family activities. As the Director of the Home Resource Center, she is responsible for overseeing the Issuer's homeownership education and counseling activities and supervising the origination of Single Family mortgage loans through the Issuer's Single Family Bond Program. Prior to joining the Issuer, Ms. Adams worked for 15 years with the D.C. Office of Planning as Systems Coordinator and then as an Assistant Budget Director. Ms. Adams is a U.S. Department of Housing and Urban Development approved underwriter and certified housing counselor. Her professional memberships include the National Association of Real Estate Brokers, Washington Real Estate Brokers Association, National Federation of Housing Counselors and the D.C. Metropolitan Association of Housing Counselors.

Director, Compliance and Asset Management – David L. Jefferson

David L. Jefferson began his 15-year career in Affordable Housing in Washington, DC. Originally from Cleveland, Ohio, Mr. Jefferson attended Howard University, and currently serves as Director of Compliance and Asset Management for the Issuer, where he provides Asset Management to the over 80 Issuer financed projects.

Mr. Jefferson has served the public sector as Executive Director of Rockville Housing Enterprises where he oversaw the development of a 60-unit homeownership community. He served as Deputy Executive Director of the Housing Authority of the City of Annapolis where he managed operations of a mid-sized Housing Authority. As Regional Director of the Housing Authority of Baltimore City, he directed operations for over 8,000 units of conventional public housing.

In the private sector, Mr. Jefferson served as Vice President for A&R Management Inc. in Baltimore, MD where he oversaw operations of over a 3000 unit mixed portfolio. He gained a strong background in asset management as Property Manager for the Trammel Crow Company in Washington, DC.

Mr. Jefferson currently serves on the Board of Directors of the Community Housing Associates, a non-profit providing affordable housing for the mentally challenged in Baltimore City. The recipient of numerous awards for work in the field, Mr. Jefferson has been traveling the country speaking on LIHTC development and Inclusionary Zoning.

SECURITY FOR THE BONDS

General

The Bonds are primarily secured by any and all moneys that are at any time or from time to time held in the Escrow Fund under the Escrow Agreement described below, and in the Project Fund under the Indenture. Amounts deposited in the Project Fund and the Escrow Fund are to be invested pursuant to the Investment Agreement. The Bonds are equally and ratably secured by a pledge of and lien on the

following which constitutes the Trust Estate: (i) all right, title and interest of the Issuer in and to all Revenues (as defined below), derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of the Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Trustee on account of the Issuer arising out of or on account of the Trust Estate; (ii) all right, title and interest of the Issuer in and to the Note including all payments and proceeds with respect thereto or replacement thereof; (iii) all moneys which are at any time or from time to time on deposit in any fund or account created under the Indenture (exclusive of the moneys in the Rebate Fund); (iv) all right, title and interest of the Issuer in and to, and remedies under, the Escrow Agreement (including without limitation any and all funds on deposit with the Escrow Agent under the Escrow Agreement), and the Loan Agreement; and (v) all funds, moneys and securities and any and all other 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 by the Issuer or by anyone on its behalf or with its written consent to the Trustee as and for additional security under the Indenture for the Bonds, which is authorized under the Indenture 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. "Revenues" means, all payments under the Note and all investment earnings derived or to be derived on any moneys or investments held by the Trustee under the Indenture, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, (b) amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer and (c) any Rebate Amount.

The Escrow Agreement

As security for the Bonds, DCHA, the Borrower, the Issuer and the Escrow Agent are expected to enter into an Escrow and Security Agreement, dated as of May 1, 2008 (the "Escrow Agreement"). Over the course of approximately 24 months, an amount up to \$5,100,000 will be deposited by DCHA to fund the permanent loan (the "Permanent Loan"). On each date on which a disbursement from the Project Fund shall be made solely to pay construction costs of the Project (a "Construction Draw Date"), funds from the Permanent Loan are expected to be deposited into the Escrow Fund (the "Escrow Fund") created by the Escrow Agreement in an amount equal to the amount of funds being disbursed from the Project Fund under the Indenture. All monies held under the terms of the Escrow Agreement are held by the Escrow Agent for the benefit of the owners of the Bonds pursuant to a pledge and assignment of such funds, and a security interest therein. Thus, the aggregate of the amount on deposit in the Escrow Fund under the Escrow Agreement and the amount of monies held in the Project Fund under the Indenture are expected at all times to equal the outstanding amount of the Bonds. Investment earnings on monies held under the Escrow Agreement and in the Project Fund are expected to be used to pay interest on the Bonds. Upon maturity of the Bonds or the occurrence of an event of default under the Indenture and acceleration of maturity of the Bonds, the Trustee is authorized to apply moneys held in the Project fund, the Bond Fund and in the Escrow Fund to payment of debt service on the Bonds.

Nonrecourse Liability of Borrower

The Loan Agreement establishes that (i) the liability of the Borrower and the General Partner under the Loan Agreement shall be limited to the Project Fund and the Escrow Agreement, and the Issuer and the Trustee shall look exclusively thereto, or to such other security as may from time to time be given for payment of the obligations of the Borrower under the Loan Agreement, and any judgment rendered against the Borrower or the General Partner under the Loan Agreement shall be limited to the Project Fund and the Escrow Agreement, and any other security including the Guaranty so given for satisfaction thereof, and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the General Partner or their respective successors, transferees or assigns, in any action or proceeding arising out of the Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing contained in the Loan Agreement shall limit

the Issuer's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or to any trustee under the Loan Agreement, or both, or to exercise any right against the Borrower or the General Partner on account of any claim for fraud or deceit and against any other person or entity on account of any claim for fraud or deceit. Notwithstanding the foregoing, nothing in this section shall limit the Issuer's right of indemnification against the Borrower and the General Partner pursuant to the terms of the Loan Agreement. Furthermore, notwithstanding anything to the contrary, the Borrower and the General Partner, under certain circumstances, shall be fully liable for amounts payable to the Issuer constituting Reserved Rights, any rebate amounts that may be payable with respect to the Bonds, and any indemnification obligations as more particularly described in the Loan Agreement.

Limited Obligations of the Issuer

THE BONDS, THE PRINCIPAL OF AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND ASSETS OF THE ISSUER PLEDGED UNDER THE INDENTURE AND THE ESCROW AGREEMENT AND FROM NO OTHER REVENUES OR ASSETS OF THE ISSUER. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE DISTRICT OF COLUMBIA, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT OF COLUMBIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

Investment of the Project Fund and the Escrow Fund

On the date of delivery of the Bonds, the Bond proceeds on deposit in the Project Fund will be invested in the Investment Agreement with the Investment Agreement Provider that satisfies the requirements of the Indenture. Moneys on deposit in the Escrow Fund also will be invested in the Investment Agreement. The Investment Agreement provides for a rate of return of 3.71% per annum on amounts in the Escrow Fund and the Project Fund invested thereunder until the business day preceding May 1, 2011, unless earlier terminated pursuant to the terms thereof. See "CERTAIN BONDHOLDERS' RISKS - Investment Agreement."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be derived from the sale of the Bonds are to be applied as follows:

Sources of Funds	
Bond Proceeds	\$5,100,000
Tax Credit Equity	4,004,005
Interest Income	660,936
DCHA Loan	<u>740,000</u>
Total	<u>\$10,504,941</u>
 Uses of Funds	
Construction	\$5,260,884
Other Hard Costs	897,430
Soft Costs	1,619,560
Developer Fee	1,344,000
Financing Costs	1,093,066
Reserve Requirements	<u>290,000</u>
Total	<u>\$10,504,591</u>

THE PROJECT AND THE PRIVATE PARTICIPANTS

The Project

The proceeds of the Bonds will be used to finance the construction and equipping of the Project. The Project will consist of 39 newly constructed rental townhome units located on 4 adjoining squares, contiguous to and interspersed among 121 newly constructed for-sale townhome units. The Project will be located in Southeast Washington D.C. on a site within Squares S-825, 825, 824 and 797 bounded by Virginia Avenue, 5th Street, M Street and 3rd Street, S.E. Final completion of construction of the Project is expected within approximately 30 months after the date of issuance of the Bonds.

The units of the Project consist of the following:

<u>Unit Type</u>	<u>Number of units</u>	<u>Approximate Size (sq. ft.)</u>
2 Bedroom /1 Bath	1	1135
2 Bedroom /2 Bath	9	1224
3 Bedroom/2 Bath*	10	1096-1224
3 Bedroom/2 Bath	14	1224-1337
4 Bedroom/2 Bath	<u>5</u>	1416
Total:	39	

* Handicap Accessible

The exterior elevations of units are designed so that there is no differentiation of unit type from the street. All units will have similar exterior design features, including double-hung windows, exterior trim, brick veneer and landscaping. Each unit will contain fire sprinklers, heating and air conditioning,

electric ranges, vent hoods, refrigerators, dishwashers, disposals and washers and dryers. Kitchen cabinets and vanities will be oak with flat panel doors. Kitchen counters are laminated with cultured marble vanity tops in the baths. All windows will be provided with horizontal blinds. Wall to wall carpet will be provided in the living rooms and all bedrooms. Vinyl tile floors will be provided in kitchens, foyers, laundries and mechanical closets. Bathroom floors will be ceramic tile. No parking spaces will be provided.

The Borrower

The leasehold estate in the Project will be owned by the Borrower, Capper Residential I, L.P., a District of Columbia limited partnership, which is a single asset, bankruptcy remote entity. The General Partner of the Borrower is Capper Residential I GP, LLC, a District of Columbia limited liability company, owning a 0.009% interest in the Borrower. The Special Limited Partner of the Borrower is Apollo Housing Manager II, Inc., owning a 0.001% interest in the Borrower. The principal office of the Borrower is located at 7735 Old Georgetown Road, Suite 600, Bethesda, Maryland 20814.

Simultaneously with the funding of the Bonds, the Borrower expects to sell to Apollo Housing Capital, LLC (the "Limited Partner"), a 99.99% ownership interest in the Borrower. The Limited Partner is expected to fund the low income housing tax credit equity, expected to be approximately \$4,004,005, in stages. The total amounts to be funded and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the amount set forth above under the heading "ESTIMATED SOURCES AND USES OF FUNDS" and neither the Issuer nor the Underwriter make any representations as to the availability of such funds.

The obligations and liabilities of the Borrower under the Note are of a non-recourse nature and are limited to the Project and monies derived from the operation of the Project. Neither the Borrower nor its members have any personal liability for payments on the 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 members are included in this Official Statement.

The Developer

Mid-City Urban, LLC ("Mid-City") and Forest City Capper/Carrollsborg, Inc. ("Forest City") have formed the Capper Residential I FC & MCU, LLC, which will serve as Developer for the Project. This entity is also the developer and overall coordinator for the larger proposed redevelopment project.

Mid-City, based in Silver Spring Maryland, is a recognized leader in the redevelopment of public housing communities using the HOPE VI program. In addition to Arthur Capper, Mid-City is also the developer of HOPE VI communities in the District, Baltimore, Maryland, Tampa, Florida, Greensboro, North Carolina and Memphis, Tennessee. Mid-City is an affiliate of Mid-City Financial Corporation, one of the largest private developers and owners of government assisted housing in the United States with an inventory of over 15,000 affordable and market rate units. Mid-City affiliated companies are based in Silver Spring, Maryland, and have a 30-year history of real estate portfolio management. Business activities are organized into four areas: development and acquisition, financial and investor services and asset management, property management, and self-sufficiency programs.

Forest City is a subsidiary of Forest City Enterprises, Inc. Forest City Enterprises, Inc. ("FCE"), based in Cleveland, Ohio is a large, publicly traded real estate firm reporting \$7.3 billion in total assets as of January 31, 2005. FCE's commercial group has a diversified portfolio of retail centers, office

buildings, hotels and mixed-use properties strategically focused in key 24-hour gateway cities throughout the nation, and is especially active and well-positioned in the East (Boston, New York City and Washington, D.C.) and the West (Denver and Los Angeles). FCE's residential group owns, develops, leases and manages multifamily residential properties in 18 states and the District of Columbia. FCE's holdings include 10.1 million square feet of office space, 21.2 million square feet of retail space, nearly 3,000 hotel rooms and over 35,000 apartment units.

The Contractor

EYA Construction, Inc. (the "Contractor"), a wholly owned affiliate of Eakin Youngentob Associates, Inc., will serve as the general contractor for the construction of the Project. EYA, LLC has a fourteen year history of successfully constructing and developing multifamily residential projects in the Washington, D.C. metro area.

The Architect

The design architect for the Project is Lessard Group, Inc. (the "Architect"). The Architect provides architectural and engineering services throughout the metropolitan Washington, D.C. area. The Architect has extensive experience designing and administering affordable multifamily housing projects. The Architect also previously provided architectural design services for a HOPE VI project in Alexandria, Virginia that was successfully developed by Mid-City.

The Management Company

Edgewood Management Corporation ("EMC"), an affiliate of Mid-City, will act as Manager of the Project. EMC is a national leader in affordable and mixed-income property management. Based in Silver Spring, Maryland, EMC has been committed to the affordable housing industry for over 25 years and presently manages over 15,000 units of which over 2,400 are units for the elderly.

The Manager will be responsible for the day-to-day management of the Project including, financial administration, leasing, maintenance and preparation of monthly and annual budgets and financial reports for review by the Borrower.

The Trustee

Regions Bank will serve as Trustee under the Indenture. The Trustee is a national banking company duly organized and existing under the laws of the United States of America and authorized to exercise corporate trust powers in the District.

Regulatory Restrictions

The Borrower intends to operate the Project as a "Qualified Residential Rental Project" in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds, the Borrower, the Issuer and the Trustee will enter into the Tax Regulatory Agreement. Under the Tax Regulatory Agreement, the Borrower will agree that, at all times during the "Qualified Project Period," the Borrower will rent at least forty percent (40%) of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than or equal to sixty percent (60%) of the area median income (adjusted for family size). The "Qualified Project Period" is the period beginning on the later of the first day on which 10% of the units in the Project are first occupied or the Closing Date and ending on the latest of (a) the date which is fifteen (15) years after the first date on which at least fifty percent (50%) of the units in the Project are or were first occupied

after acquisition and rehabilitation of the Project with proceeds of the Bonds, or (b) the first day on which no tax exempt “private activity bond” (within the meaning of Section 141(a) of the Code) (including the Bonds or any tax exempt bonds issued to refund the Bonds) issued with respect to the Project is outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. See “APPENDIX B – DOCUMENT SUMMARIES.”

The Project will also be encumbered by use restrictions required pursuant to Section 42 of the Code relating to tax credits, which will restrict the income levels of 100% of the units in the Project (the “Tax Credit Units”). All of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the area median income adjusted for family size and the rents which may be charged for occupancy of units in the Project will be restricted to not more than 30% of 60% of area median income, adjusted for family size.

THE BONDS

General

The Bonds will be dated, and will bear interest from their dated date at the rates per annum, and mature in the principal amounts, as set forth on the front cover of this Official Statement. Interest on the Bonds will be payable initially on November 1, 2008 and semiannually thereafter on May 1 and November 1 of each year until maturity. If the date of payment of principal or interest on the Bonds shall not be a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided for such payment. The Bonds will mature May 1, 2011.

The Bonds will be issued in book-entry form only in denominations of \$5,000 and integral multiples thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). See “THE BONDS--Book-Entry Only System” below.

Book-Entry Only System

The following description of DTC, the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to DTC Participants or Beneficial Owners of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the Issuer for inclusion in this Official Statement. Accordingly, the Issuer makes no representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over

2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its

usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting right to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, 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 nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE ISSUER NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE INDENTURE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. NEITHER THE ISSUER NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY TO PROVIDE SUCH NOTICE.

In the event the Issuer determines that it is in the best interest of the Beneficial Owners to obtain Bond certificates, the Issuer may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event, the Issuer shall prepare and execute and the Registrar shall authenticate, transfer and exchange Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in the Indenture. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Issuer and the Registrar. Under such circumstances (if there is no successor securities depository), the Issuer and the Registrar shall be obligated to deliver Bond certificates as described herein.

Redemption of Bonds Prior to Maturity

The Bonds are not subject to redemption prior to the Maturity Date.

INVESTMENT OF AMOUNTS HELD UNDER THE INDENTURE AND THE ESCROW AGREEMENT

Bond proceeds on deposit in the Project Fund and moneys on deposit in the Escrow Fund will be invested by the Trustee in Permitted Investments, as defined in the Indenture. See “APPENDIX A – CERTAIN DEFINITIONS.” On the date of delivery of the Bonds, Bond proceeds on deposit in the Project Fund will be invested in the Investment Agreement with the Investment Agreement Provider that satisfies the requirements of the Indenture. Moneys on deposit in the Escrow Fund also will be invested in the Investment Agreement. The Investment Agreement provides for a rate of return of 3.71% per annum on amounts invested thereunder until the business day immediately preceding May 1, 2011, unless earlier terminated pursuant to the terms thereof. The Issuer and the Underwriter make no representation as to the ability of the Investment Agreement Provider to make payments thereunder. See “CERTAIN BONDHOLDERS’ RISKS—Failure of Provider of the Investment Agreement to Make Payment Thereunder” herein.

The payment obligations of the Investment Agreement Provider under the Investment Agreement is unconditionally guaranteed pursuant to an Amended and Restated Guarantee, dated as of March 16, 2004 (the “Guarantee”), of General Electric Capital Corporation (“GECC”). Neither the Investment Agreement nor the Guarantee guarantees or otherwise provides for payment of amounts due on the Bonds in the event of nonpayment by the Issuer. Copies of the Investment Agreement and the Guarantee are on file with the Trustee.

GECC is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the “Commission”). Such reports and other information can be inspected and copied at the Office of the Commission in Washington, D.C.

CERTAIN BONDHOLDERS’ RISKS

Limited Security

The Bonds are special limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture including the Project Fund, and from moneys on deposit in the Escrow Fund. See “SECURITY FOR THE BONDS--Limited Obligations of the Issuer” herein.

Escrow of Permanent Loan Proceeds; Disbursement of Loan Proceeds

As described under the heading “SECURITY FOR THE BONDS--The Escrow Agreement” above, certain proceeds of the Permanent Loan will be disbursed for the benefit of the Borrower and deposited into the Escrow Fund as a condition precedent to the disbursement of the Bond proceeds in an equal amount to pay the costs of constructing and equipping the Project. No disbursement of Permanent Loan proceeds will occur until both DCHA and the Issuer have approved the Borrower’s request for payment of construction costs for the Project. In order to transfer the proceeds of the Permanent Loan into the Escrow Fund, DCHA will be required to satisfy any agreements relating to the DHCD Loan. Failure of DCHA to satisfy such conditions could result in the DHCD suspending payments until the conditions have been satisfied which, in turn, could result in the inability of the Borrower to pay the costs of completing the Project. However, such a failure to complete the Project would not affect the security for the Bonds or cause a default on the Bonds.

Exercise of Legal Remedies

The ability of the Issuer to enforce its rights or exercise its remedies upon default under the Loan is dependent upon regulatory and judicial actions which may be subject to discretion and delay. Under existing law and judicial decisions (including laws relating to bankruptcy), the remedies provided for under the Documents may not be readily available or may be limited.

Taxability of the Bonds

THE BONDS ARE NOT SUBJECT TO REDEMPTION, INCLUDING UPON ANY DETERMINATION OF TAXABILITY OF INTEREST ON THE BONDS. IN ADDITION, THE RATE OF INTEREST ON THE BONDS IS NOT SUBJECT TO ADJUSTMENT BY REASON OF THE INTEREST ON THE BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION. Such event could occur if the Borrower (or any subsequent owner of the Project) does not comply with the provisions of certain tax-related agreements executed in connection with the Bonds and the Loan Agreement which are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes.

Investment Agreement

On the date of delivery of the Bonds, the Bond proceeds on deposit in the Project Fund will be invested in the Investment Agreement. Moneys on deposit in the Escrow Fund also will be invested in the Investment Agreement. The Investment Agreement provides for a rate of return of 3.71% per annum on such amounts invested thereunder until the business day immediately preceding May 1, 2011, unless earlier terminated pursuant to the terms thereof. Failure to receive such rates of return or a return of the amounts invested thereunder could affect the ability to pay the principal of and interest on the Bonds. If the Investment Agreement Provider fails to make payment as required under the Investment Agreement, the rating on the Bonds could also be adversely affected, which could have an adverse affect on the market value of the Bonds and the ability to make payment on the Bonds.

Under the terms of the Investment Agreement, if the rating of the Investment Agreement provider drops below "AA-/Aa3", collateral sufficient to maintain a rating of at least "AA-/Aa3" on the Investment Agreement must be provided, an assignment of the Investment Agreement to an eligible provider must occur, a third party guarantee rated at least "AA-/Aa3" must be provided, or such other action mutually agreeable to the Trustee, the Issuer and the Investment Agreement Provider must be taken, in order to maintain the "MIG-1" rating on the Bonds, and if not then the Trustee, at the direction of the Issuer in consultation with the Borrower shall have the right but not the obligation to terminate the Investment Agreement.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except interest on a Bond for any period during which that Bond is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code; (ii) interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from District taxation, except estate, inheritance and gift taxes. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer and the Borrower to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or that compliance.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Issuer or the Borrower may cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Bonds. The Borrower and, subject to certain limitations, the Issuer have each covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Borrower or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

LEGAL MATTERS

The legality of the Bonds will be passed upon by Squire, Sanders & Dempsey L.L.P., Washington, D.C., whose approving opinion will be delivered with the Bonds. See Appendix C hereto. Certain legal matters will be passed upon for the Borrower by its counsel, Womble Carlyle Sandridge & Rice, PLLC, Washington, D.C., for the Issuer by its General Counsel, Harry T. Alexander, Jr., and for the Underwriter by its co-counsel, Eichner & Norris PLLC, Washington, D.C. and McKenzie & Associates, Washington, D.C.

LITIGATION

There is not now pending or, to the Issuer's actual knowledge, threatened any proceeding or litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Issuer to their respective offices is being contested.

There is not now pending or, to the Borrower's actual knowledge, threatened any proceeding or litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued, or were there any actions of the Borrower taken with respect to the Bonds or the existence or powers of the Borrower which would adversely affect the obligations of the Borrower with respect to the Bonds or the Project.

CONTINUING DISCLOSURE

The Issuer will enter into an undertaking (the "Undertaking") with Regions Bank as dissemination agent, for the benefit of the owners, including beneficial owners, of the Bonds to provide certain financial information and operating data relating to the Issuer to certain financial information repositories annually and to provide notice to each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"), the Municipal Securities Rulemaking Board ("MSRB") and the state information depository, if any, of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule") not later than one-hundred eighty (180) days after the end of the Issuer's fiscal year, commencing with a report following the Issuer's fiscal year ending September 30, 2008. See "APPENDIX D—FORM OF

CONTINUING DISCLOSURE AGREEMENT.” The covenants described in the Undertaking have been made in order to assist the Underwriters in complying with the Rule.

A failure by the Issuer to comply with the Undertaking will not constitute an Event of Default under the Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a 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 and their market price.

RATINGS

The Bonds have been given the rating set forth on the cover page hereof by Moody’s Investors Service, Inc. Such ratings reflect only the views of such rating agency at the time such ratings are issued and an explanation of the significance of such ratings may be obtained only from such rating agency. There is no assurance that such ratings will continue for any given period of time or that any one or more of such ratings will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal can be expected to have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the Issuer by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the principal amount of such Bonds. The Underwriter will be paid a gross underwriting fee equal to \$75,000, from which the Underwriter will be reimbursed for certain fees and expenses. The Bond Purchase Agreement provides that the obligations of the Underwriter to purchase the Bonds are subject to certain terms and conditions and the approval of certain legal matters by counsel.

RELATIONSHIP OF PARTIES

Squire, Sanders & Dempsey L.L.P., Bond Counsel, serves as bond counsel to the Issuer and counsel to certain developers on other transactions, and as counsel to Regions Bank, on matters unrelated to Issuer transactions. Eichner & Norris PLLC, counsel to the Underwriter, serves as underwriter’s counsel on other Issuer transactions. Regions Bank, Trustee for the Bonds, currently serves as trustee and/or escrow agent on other transactions for the Issuer.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture and the other documents referred to herein may be obtained from the Trustee. Any statements in this Official Statement involving matters of opinion or forecast, 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 Issuer and the purchasers or owners of any Bonds.

DISTRICT OF COLUMBIA HOUSING FINANCE
AGENCY

By: /s/ Harry D. Sewell
Harry D. Sewell, Executive Director

[Signatures continued on next page]

[Borrower's Signature Page to Official Statement]

CAPPER RESIDENTIAL I, L.P.

A District of Columbia Limited Partnership

By: Capper Residential I GP, LLC
A District of Columbia Limited Liability Company
Its General Partner

By: Capper Residential I FC & MCU, LLC
A District of Columbia Limited Liability Company
A Manager

By: Mid City Urban, LLC
A Delaware Limited Liability Company
A Manager

By: /s/ William M. Harvey
William M. Harvey
Executive Vice President

By: Forest City Capper/Carrollsborg, Inc.
A District of Columbia Corporation
A Manager

By: /s/ Kirsten B. Kulis
Name: Kirsten B. Kulis
Title: Assistant Secretary

APPENDIX A

DEFINITIONS

“Act” means the District of Columbia Housing Finance Agency Act, Title 42, Chapter 27 of the District of Columbia Code, as amended and supplemented from time to time.

“Bond” or “Bonds” means the Collateralized Multifamily Housing Revenue Bonds (Arthur Capper ACC Townhomes Phase I Project), Series 2008 of the Issuer issued, authenticated and delivered under the Indenture.

“Bond Counsel” means nationally recognized bond counsel who is under contract to provide such services to the Issuer.

“Bond Fund” means the Bond Fund created under the Indenture.

“Bondholder” or “Holder of the Bonds” or “Holder” or “Owner of the Bonds” or “Owner” when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained at the Trust Office of the Trustee for that purpose.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated May 29, 2008 among the Issuer, the Borrower and the Underwriter.

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

“Borrower” means Capper Residential I, L.P., a limited partnership organized and existing under the laws of the District of Columbia, its successors and assigns.

“Borrower Representative” means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

“Borrower’s Obligations” means the obligations of the Borrower under the Loan Agreement, the Note, and the other related borrower documents to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement, the Note, and the other related borrower documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Tax Regulatory Agreement, and any of the other related borrower documents, to perform or observe.

“Business Day” or “business day” means a day, other than a Saturday or Sunday, on which (a) banks located in New York, New York, or in the city in which the Trust Office of the Trustee, or the office of the Escrow Agent is located, are not required or authorized by law or executive order to close for business, and (b) the New York Stock Exchange is not closed.

“Closing Date” means the date of delivery of the Bonds in exchange for the purchase price thereof.

“Code” means the Internal Revenue Code of 1986, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of May 1, 2008, by the Borrower, the Dissemination Agent and the Trustee.

“Construction Draw Date” means the date on which a disbursement from the Project Fund shall be made solely to pay construction costs of the Project.

“Costs of Issuance Deposit” means the deposit in the amount set forth in the Indenture, a portion of which is to be funded from the DCHA Loan and the balance to be provided by the Borrower.

“DCHA” means the District of Columbia Housing Authority.

“DHCD” means the District of Columbia Department of Housing and Community Development.

“District” means the District of Columbia.

“Documents” means and shall include (without limitation) with respect to the Bonds, the Indenture, the Loan Agreement, the Note, the Guaranty, the Tax Regulatory Agreement, the Tax Certificate, the Escrow Agreement, the Investment Agreement and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer’s Obligations or the Borrower’s Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto.

“Equity Sub-Account” means the fund so designated and established by the Indenture.

“Escrow Agent” means Regions Bank, an Alabama banking corporation duly authorized to exercise corporate trust powers in the District, and its successor or successors under the Escrow Agreement.

“Escrow Agreement” means the Escrow and Security Agreement, dated as of the same date as the Indenture, among the Issuer, the Borrower, DCHA and Regions Bank, as Escrow Agent and as Trustee, and any and all Supplements thereto.

“Escrow Fund” means the Escrow Fund created pursuant to the terms of the Escrow Agreement.

“Event of Default” or “Default” means, when used in the Indenture, those events of default or defaults specified thereunder and; when used in the Loan Agreement, those events of default or defaults specified thereunder.

“Executive Director” means the Executive Director of the Issuer.

“General Partner” means Capper Residential I GP, LLC, a District of Columbia limited liability company.

“Gross income” means ‘gross income’ as that term is used and defined in Section 61 of the Code.

“Guaranty” means the Guaranty of Environmental Obligations dated as of the same date as the Indenture made by the General Partner, Mid-City Urban, LLC, and Forest City/Carrollburg, Inc. and in favor of the Issuer.

“Indenture” means the Trust Indenture, dated as of May 1, 2008, between the Issuer and the Trustee, and any and all Supplements thereto.

“Initial Deposit” means funds in the amount set forth in the Indenture, provided from proceeds of the DCHA Loan, to be deposited in the Bond Fund and the Expense Fund as set forth in the Indenture.

“Interest Payment Date” means each May 1 and November 1 commencing on November 1, 2008.

“Investment Agreement” means the Investment Agreement dated as of the Closing Date by and between the Investment Agreement Provider and the Trustee, as approved by the Issuer.

“Investment Agreement Provider” means GE Funding Capital Market Services, Inc., New York, New York.

“Issuer” means the District of Columbia Housing Finance Agency and any successor to its powers and duties under the Act.

“Issuer’s Obligations” means the obligations of the Issuer under the Bonds, the Indenture, and the other Documents to (a) pay the principal of and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, the Indenture, or any of the other Documents, to perform and observe.

“Issuer’s Ongoing Fee” means the Issuer’s ongoing fee in the amount of \$25,500 per year payable semiannually in arrears, commencing November 1, 2008.

“Limited Partner” means Apollo Housing Capital, L.L.C., its successor and/or assigns.

“Loan” means the loan in the principal amount of \$5,100,000 made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of May 1, 2008, among the Issuer, and the Borrower and any and all Supplements thereto.

“Note” means the Promissory Note dated as of the Closing Date from the Borrower to the Issuer in substantially the form attached as Exhibit B to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

“Outstanding”, “outstanding” or “Bonds Outstanding” when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with Article VIII under the Indenture; or

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

“Permitted Investments” are those investments as described under the Indenture.

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

“Project” means the multifamily rental housing project to be known as Arthur Capper ACC Townhomes Phase I Project, which upon completion will consist of thirty-nine (39) townhome units and related facilities located in the District of Columbia.

“Project Fund” means the Project Fund created in Section 4.01 of the Indenture.

“Rating Agency” means Moody’s Investors Service, Inc. and its successors and assigns.

“Rebate Amount” means the amount, if any, which is to be paid to the United States of America pursuant to the Section 148(f) of the Code and the Indenture.

“Rebate Analyst Fee” means the annual fee of the Rebate Analyst in an amount not less than \$500 annually to be paid by the Borrower from moneys other than the Trust Estate.

“Reserved Rights of the Issuer” means the rights of the Issuer consisting of: (a) all rights which the Issuer and its officers, directors, members, officials, agents or employees may have under the Indenture, the Loan Agreement and other Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, directors, officials, agents or employees; (b) the right of the Issuer to give and receive notices, reports or other information, make determinations and grant approvals under the Indenture and under the other Documents; (c) the right of the Issuer to give and receive its fees and expenses pursuant to the Loan Agreement and the Tax Regulatory Agreement; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly to the requirements of the Act or any requirements imposed by the Issuer with respect to the Project, or necessary to assure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any of the Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer in connection with any amendment to or modification of the Documents; and (f) all enforcement remedies with respect to the foregoing.

“Revenues” means, all payments under the Note and all investment earnings derived or to be derived on any moneys or investments held by the Trustee under the Indenture, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, (b) amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer and (c) any Rebate Amount.

“Securities Depository” means the Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

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

“Tax Certificate” means the Tax Certificate and Agreement dated the Closing Date by and among the Issuer, the Borrower and the Trustee.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement dated as of the same date as the Indenture by and among the Issuer, the Trustee and the Borrower relating to the Bonds, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.

“Trustee” or “Corporate Trustee” means Regions Bank, an Alabama banking corporation duly authorized to exercise corporate trust powers in the District, having a corporate trust office in Richmond, Virginia and its successor or successors in the trust created by the Indenture.

“Trustee’s Ongoing Fee” means the Trustee’s initial fee of \$5,000, payable on the Closing Date, together with the annual administrative fees and expenses of the Trustee in an amount equal to \$5,000 per year to be paid annually in advance commencing May 1, 2009, from moneys in the Expense Fund pursuant to the Indenture, which includes fees associated with its role as Escrow Agent under the Escrow Agreement and its fees as Dissemination Agent under the Continuing Disclosure Agreement.

“Trust Estate” has the meaning given such term in the Granting Clauses of the Indenture.

APPENDIX B

DOCUMENT SUMMARIES

Summary of Certain Provisions of the Indenture

The Indenture contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Indenture to which reference is hereby made, copies of which are available from the Issuer or the Trustee. This summary uses various terms defined in the Indenture and such terms as used herein shall have the same meanings as so defined.

Funds and Accounts

The following trust funds are created by the Issuer under the Indenture to be held by the Trustee: Bond Fund, Project Fund, Expense Fund and the Rebate Fund.

Bond Fund On the Closing Date, the Trustee shall deposit the Initial Deposit in the Negative Arbitrage Account of the Bond Fund, to be invested pursuant to the Indenture. On any date on which payment of interest on the Bonds is due and payable, (i) any available interest earnings in the Project Fund up to an amount equal to the interest due on the Bonds, shall be transferred on such date to the Bond Fund to make such payment, and (ii) to the extent the amounts transferred pursuant to the immediately preceding clause, together with amounts on deposit in the Negative Arbitrage Account of the Bond Fund are not sufficient to make such payment, available moneys in the Earnings Account (as established pursuant to the Escrow Agreement) of the Escrow Fund (as established pursuant to the Escrow Agreement) shall be transferred by the Escrow Agent to the Trustee on such date for deposit into the Bond Fund to make such payment. On any date on which the payment of principal on the Bonds is due and payable, (i) the Escrow Agent shall on such date transfer to the Trustee from the Escrow Fund for deposit into the Bond Fund the amount necessary to make such payment and (ii) in the event the amount transferred from the Escrow Fund is not sufficient to make the principal payment due, the Trustee shall transfer from the Project Fund to the Bond Fund the additional amount required to make such payment. Further, there shall be deposited in the Bond Fund, as and when received (1) any amount remaining in the Project Fund after completion of the Project; (2) all payments specified in the Note, or to or for the account of the Issuer as specified in the Note; and (3) all other moneys received by the Trustee under and pursuant to any of the provisions of the Documents or the Indenture which are required or permitted, or which are accompanied by directions from the Borrower, to be paid into the Bond Fund.

Except as otherwise provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due. Any moneys deposited into the Bond Fund from the Project Fund pursuant to the Indenture shall be used to pay principal of, and interest on, the Bonds maturing on May 1, 2011 and for no other purpose.

Project Fund The proceeds received upon the issuance and sale of the Bonds shall be deposited in the Project Fund. Each disbursement from the Project Fund shall be made on a Construction Draw Date solely to pay construction costs of the Project and only upon the receipt by the Trustee of (1) a request or requests therefor executed by the Issuer, upon requisition forms approved by the Issuer in substantially the form provided in the Indenture, and in accordance with the Construction Draw Schedule as set forth in the Loan Agreement, (2) certification by a Borrower Representative that such costs are qualified costs pursuant to Section 142 of the Code, and (3) confirmation from the Escrow Agent that an amount equal to the amount requested to be disbursed from Bond proceeds has been received by the

Escrow Agent and deposited as required under the Escrow Agreement. Each requisition shall evidence disbursements in accordance with the Indenture from (i) the Project Fund, (ii) the Borrower Funds Account, (iii) the Expense Fund; and/or (iv) the Costs of Issuance Fund. As soon as practicable after the date of the certificate of completion of the Project, any balance remaining in the Project Fund (other than the amounts retained by the Trustee) shall be deposited into the Bond Fund and used to pay principal of the Bonds maturing on May 1, 2011. Subject to the provisions of the Escrow Agreement, and to the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount, such moneys may with the approval of the Issuer be paid directly to the Borrower to the extent such funds are not proceeds of the Bonds or otherwise restricted funds. If such remaining funds are proceeds of the Bonds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund.

Rebate Fund In accordance with the provisions set forth in the Indenture, the Trustee shall deposit into the Rebate Fund amounts paid by the Borrower pursuant to the Tax Certificate. Moneys held in the Rebate Fund are not held for the benefit of the Owners and are not part of the Trust Estate. Neither the Issuer nor the Trustee shall be obligated to pay any portion of the Rebate Amount (except from funds on deposit in the Rebate Fund). In addition, neither the Issuer nor the Trustee shall have any responsibility with respect to the calculation of the Rebate Amount, provided that the rebate calculations are subject to the Issuer's approval.

Expense Fund The Trustee shall deposit the amount set forth in the Indenture from the Equity Sub-Account on the Closing Date into the Expense Fund to provide moneys to pay the amounts required by the Indenture. The Trustee shall apply moneys on deposit in the Expense Fund solely for the following purposes, in the following order of priority:

- (i) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) when due;
- (ii) to pay the Issuer's Ongoing Fee when due; and
- (iii) to pay the Trustee's Ongoing Fee when due.

To the extent moneys in the Expense Fund are not sufficient to pay the fees and expenses of the Trustee, such deficiency shall be paid by the Borrower immediately upon written demand.

Costs of Issuance Fund On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit in the Costs of Issuance Fund to pay costs of issuance. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be paid to the Borrower to the extent such funds are not Bond Proceeds or otherwise restricted funds. If such remaining funds are Bond Proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund.

Investment of Funds and Accounts

Any moneys held as a part of the Project Fund or the Bond Fund and not required for immediate disbursement and withdrawal, shall at the written direction of the Borrower, as approved by the Issuer, be invested or reinvested by the Trustee, in:

- (i) Bonds, bills, notes, or other obligations issued by the United States government;

- (ii) Federally insured negotiable certificates of deposit or other insured or uninsured evidences of deposit at a financial institution rated P-1 or Aaa, as appropriate;
- (iii) Bonds, bills, notes, mortgage-backed or asset-backed securities, or other obligations of a quasi-governmental corporation rated P-1 or Aaa, as appropriate;
- (iv) Prime banker acceptances rated P-1 that do not exceed 270 days maturity;
- (v) Prime commercial paper rated P-1 that does not:
 - (1) Have a maturity that exceeds 180 days; and
 - (2) Exceed 10% of the outstanding commercial paper of the issuing corporation at the time of purchase;
- (vi) Obligations of the District or a state or local government rated Aaa or MIG-1 by each rating service then rating such securities;
- (vii) Repurchase agreements rated P-1 or Aaa, as appropriate for the sale or purchase of securities by the District under the condition that, after a stated period of time, the original seller or purchaser will buy back or sell the securities at an agreed price that shall include interest;
- (viii) Asset-backed or mortgaged-backed securities rated P-1 or Aaa, as appropriate by each rating service then rating such securities;
- (ix) Money market funds rated P-1 or Aaa registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended;
- (x) Any guaranteed investment contract, including the Investment Agreement from an issuer rated P-1 or Aaa, as appropriate and approved by the Rating Agency;
- (xi) Money market funds administered by the Trustee or its affiliates; and
- (xii) Any other investment agreement rated P-1 or Aaa, as appropriate and approved by the Rating Agency.

The portion of the Initial Deposit deposited in the Negative Arbitrage Account of the Bond Fund and amounts on deposit in the Project Fund on the Closing Date shall initially be invested in the Investment Agreement. Thereafter and subject to the Indenture, the Borrower may, by direction from the Borrower Representative and with the prior written approval of the Issuer and the Rating Agency, direct the investment of amounts held in the Project Fund or the Bond Fund, and such investments shall have maturities consonant with the need for funds as estimated by the Borrower Representative.

Discharge of Lien

If and when the Bonds secured by the Indenture shall become due and payable in accordance with their terms as provided in the Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all amounts payable under the Indenture by the Issuer and all fees and expenses of the Trustee and the Issuer, shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust

Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon request of the Issuer and subject to the provisions of the Indenture, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other fund created under the Indenture and shall assign and transfer to the Issuer all other property then held by the Trustee under the Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys under the Indenture, as verified to the Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund) payable or which may thereafter become payable under the Indenture by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the prior paragraph, the Trustee, on demand of the Issuer, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Bonds together with all other amounts payable or which may thereafter become payable under the Indenture by the Issuer.

All Outstanding Bonds shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Government Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date thereof, and (b) the Issuer shall have given the Trustee, in form satisfactory to it irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity upon which moneys are to be available for the payment of the principal and interest on such Bonds.

Defaults and Remedies

The following events shall constitute an “Event of Default” under the Indenture:

- (a) any interest on any Bond is not paid on the date on which the same becomes due; or
- (b) the principal of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by acceleration or otherwise; or
- (c) an Event of Default occurs under the Loan Agreement; or
- (d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) above) contained in the Bonds or in the Indenture on the part of the Issuer to be performed, and such failure shall continue for a

period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) above shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use its best efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by telegraphic or written notice to the Borrower. If any other default shall occur under the provisions of the Indenture, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Bonds. A default or an Event of Default specified in (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

If an Event of Default specified in (a) or (b) shall occur and be continuing, the Trustee may, and upon written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding shall, declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) shall occur and be continuing, the Trustee upon written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding shall, declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding.

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

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents, including but not limited to, foreclosing upon the security interest in the Escrow Fund granted pursuant to the Escrow Agreement;

(b) bring suit upon the Bonds; or

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

Amendments to Trust Indenture and the Loan Agreement

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

- (1) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;
- (2) to cure any formal defect, omission or ambiguity in the Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;
- (3) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (4) to add to the covenants and agreements of the Issuer in the Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;
- (5) to add to the limitations and restrictions in the Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture or the Loan Agreement as theretofore in effect;
- (6) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, the Indenture, of the Revenues or of any other moneys, securities or funds; or
- (7) to modify, amend or supplement the Indenture or the Loan Agreement in any respect which, in the judgment of the Trustee, is not materially adverse to the interests of the owners of the Bonds.

Amendments Requiring Consent of Bondholders

The Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to the Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing in the Indenture contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by the Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in the Indenture, including (without limitation) that required for consent to such supplemental indentures.

Summary of Certain Provisions of the Loan Agreement

The Loan Agreement contains terms and conditions relating to the issuance and sale of the Bonds certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Loan Agreement to which reference is hereby made, copies of which are available from the Issuer. This summary uses various terms defined in the Loan Agreement and such terms as used herein shall have the same meanings as so defined.

The Loan

The proceeds of the Bonds will be used to make a Loan to the Borrower for the purpose of financing a portion of the costs of constructing and equipping the Project pursuant to the Loan Agreement and the Note from the Borrower to Issuer, as assigned to the Trustee (exclusive of the Reserved Rights of the Issuer). The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture to loan to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in the Loan Agreement.

Payments With Respect to the Bonds

The Borrower covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Loan. All payments of principal and interest payable by the Borrower under the Loan Agreement are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding any amounts on deposit in the Rebate Fund).

No Pecuniary Liability of Issuer

No agreements or provisions contained in the Loan Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Bonds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. No failure of the Issuer to comply with any terms, covenants or agreements in the Loan Agreement or in any document executed by the Issuer in connection with the Bonds will subject the Issuer or its past, present or future officers, directors, employees, commissioners, agents and members of its governing body and their successors and assigns to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under the Loan Agreement upon receipt of appropriate indemnity or payment, none of the provisions of the Loan Agreement or the Indenture will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Loan Agreement. Nothing in the Loan Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant

or agreement in the Loan Agreement or in the Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under the Loan Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Bonds.

No covenant, agreement or obligation contained in the Loan Agreement or in any other financing instrument executed in connection with the Project or the making of the Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

Events of Default

The following shall be “Defaults” under the Loan Agreement and the term “Default” shall mean, whenever it is used in the Loan Agreement, any one or more of the following events:

(i) Failure by the Borrower to pay any amount required to be paid under the Loan Agreement; or

(ii) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Loan Agreement or the Tax Certificate, other than as referred to in subsection (i) above for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (ii), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60 day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby; or

(iii) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due; or

(iv) The occurrence of a Default under the Indenture.

Remedies on Default

Whenever any Default referred to in the Loan Agreement shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, or the Issuer (in the event the Trustee fails to act), may take one or any combination of the following remedial steps:

(i) If the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or

otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; or

(ii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, the Note, the Tax Regulatory Agreement or any other Document in the event of default thereunder.

Any amounts collected pursuant to the remedies described above shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

No Remedy Exclusive

Subject to the provisions of the Indenture, no remedy in the Loan Agreement conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice, other than such notice as may be required in the Loan Agreement. Such rights and remedies as are given the Issuer under the Loan Agreement shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements contained in the Loan Agreement.

In the event any agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement.

Notwithstanding anything to the contrary in the Loan Agreement, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the Limited Partner shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided in the Loan Agreement to the Borrower.

Amendments, Changes and Modifications

Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise expressly provided in the Loan Agreement, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, in accordance with the provisions of the Indenture. See “DOCUMENT SUMMARIES—Amendments to Trust Indenture” and “Amendments Requiring Consent of Bondholders” as provided herein.

Summary of Certain Provisions of the Tax Regulatory Agreement

The Tax Regulatory Agreement contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Tax Regulatory Agreement which reference is hereby made, copies of which are available from the Issuer or the Trustee. This summary uses various terms defined in the Tax Regulatory Agreement and such terms as used herein shall have the same meanings as so defined.

“Affiliated Party” of any person shall mean a person such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code, or (ii) such persons are members of the same controlled group of corporations as defined in Section 1563(a) of the Code, except that “more than fifty percent (50%)” shall be substituted for “at least eighty percent (80%)” each place it appears therein.

“Annual Income” shall mean anticipated total annual income from all sources of the head of the household and spouse (even if temporarily absent) and each additional member of the household determined in accordance with the Tax Regulatory Agreement.

“Bond Monitoring Agent” shall mean the Issuer, in its capacity as monitor of the Borrower’s compliance with Section 142 of the Code and thereafter any other entity as may be designated by the Issuer from time to time in accordance with the terms of the Tax Regulatory Agreement.

“Compliance Period” shall mean the period specified in Section 42(i)(1) of the Code, being fifteen years beginning with the later of the year in which each building comprising the Project is placed in service or, at the election of the Borrower, the next succeeding year.

“DCHA” shall mean the District of Columbia Housing Authority, and its successors or assigns.

“Extended Use Period” shall mean the period beginning on the first day of the Compliance Period and ending on the date that is fifteen (15) years after the last day of the Compliance Period.

“Functionally related and subordinate” shall mean and includes facilities for use by tenants and their guests, such as laundry facilities, parking areas and recreational facilities provided that the same is of a character and size commensurate with the character and size of the Project.

“Ground Lease” shall mean the Ground Lease dated as of May 1, 2008 between DCHA and the Borrower.

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

“Improvements” shall mean, collectively, a 39 townhome unit residential rental project for low and moderate income residents, to be constructed on the Leasehold, and property functionally related and subordinate thereto.

“Issuance Date” shall mean the date of initial issuance and delivery of the Bonds.

“Leasehold” shall mean the leasehold interest in the real property described in an exhibit to the Tax Regulatory Agreement upon which the Improvements are located, as evidenced by the Ground Lease.

“Management Agent” shall mean an organization or firm qualified to do business under District laws and regulations with experience in managing multi-family and seniors rental housing.

“MSA Median Family Income” shall mean the median gross income, as determined from time to time by HUD in a manner consistent with determinations of area median gross income under Section 8 of the United States Housing Act of 1937, as amended, in the Metropolitan Statistical Area in which the District is located.

“Partnership Agreement” shall mean the Capper Residential I, L.P. Amended and Restated Agreement of Limited Partnership dated as of a date not later than the Issuance Date, by and among the General Partner, the Limited Partner, the Special Limited Partner and the withdrawing limited partners.

“Qualified Project Period” shall mean that period beginning on the later of the first day on which 10% of the Units in the Project are first occupied or the Issuance Date and ending on the latest of (a) the date which is fifteen (15) years after the first date on which at least 50% of the Units in the Project are or were first occupied after construction and equipping of the Project with proceeds of the Bonds, or (b) the first day on which no tax-exempt “private activity bond” (within the meaning of Section 141(a) of the Code) (including the Bonds or any tax-exempt bonds issued to refund the Bonds) issued with respect to the Project is outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

“Qualified Unit” shall mean a residential unit in the Project occupied by or held available for occupancy by Qualifying Unit Tenants.

“Qualifying Unit Tenants” shall mean individuals or families of low or moderate income satisfying the maximum Annual Income requirements in order for the Project to qualify as a “qualified residential rental project” within the meaning of Section 142(d) of the Code and applicable regulations thereunder, as the same may be amended from time to time, which require that the Annual Income (determined in a manner consistent with determinations of area median gross income under Section 8 of the United States Housing Act of 1937, as amended, which determinations shall include adjustments for family size) of all occupants of a dwelling Unit not exceed 60% of the MSA Median Family Income then in effect for the applicable family size. In no event, however, shall occupants of a dwelling Unit be considered to be Qualifying Unit Tenants if all the occupants are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint federal income tax return.

“Regulation” or “Regulations” or “Treasury Regulations” shall mean the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury and applicable to the Bonds.

“Rent” shall mean base rent payable by a Qualifying Unit Tenant, plus the approved utility allowance, if any, with respect to any Unit, or in the case of individuals and families not qualifying as Qualifying Unit Tenants, a base rent approved by the Issuer.

“Right of First Refusal Agreement” shall mean the Purchase Option and Right of First Refusal Agreement dated as of May 1, 2008 by and among the Borrower, DCHA, the General Partner, the Limited Partner and the Special Limited Partner.

“Special Limited Partner” shall mean Apollo Housing Manager II, Inc., its successors and/or assigns.

“Tax Credit Monitoring Agent” shall initially mean DHCD.

“Tax Credit Monitoring Agreement” shall mean the Indenture of Restrictive Covenants for Low-Income Housing Tax Credits to be entered into between the Tax Credit Monitoring Agent and the Borrower.

“Tax Credit Units” shall mean the percentage of Units, which are rented or available for rental to Qualifying Unit Tenants during the Compliance Period and the Extended Use Period in accordance with the provisions set forth in the Tax Regulatory Agreement.

“Tax Credits” shall mean the low-income housing tax credits under Section 42 of the Code.

“Tax Requirements” shall mean, collectively, the applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to the Tax Credits, and with respect to obligations issued under Sections 142(d) of the Code and other Sections of the Code (including, without limitations, Sections 103, 141, 146, 147, 148, 149 and 150), if applicable to the Project or the Bonds or both.

“Tenant Selection Plan” shall mean the Project Management Plan as agreed to by the Borrower and the Issuer and attached as an exhibit to the Tax Regulatory Agreement.

“Unit” or “Units” shall mean completed dwelling units within the Project meeting the requirements of the Tax Regulatory Agreement and made available for rental, and not ownership, by tenants who are members of the general public, each of which Units shall contain complete living facilities for at least one person, which are to be used other than on a transient basis and facilities which are functionally related and subordinate to the living facilities. The Units shall at all times be constructed and maintained in substantial accordance with applicable building code standards of the District.

Term of the Agreement

The Tax Regulatory Agreement shall become effective upon its execution and delivery and recordation in the land records of the District, and except as provided under the terms of the Tax Regulatory Agreement, shall remain in full force and effect until the later of the expiration of the Qualified Project Period or the Compliance Period and all fees and expenses of the Issuer accrued and to accrue through final payment of the Bonds, and all other liabilities of the Borrower accrued and to accrue through final payment of the Bonds under the Tax Regulatory Agreement and the Indenture and the Loan Agreement have been paid or provision is made for such payments pursuant to the Indenture and the Loan Agreement; provided, however, in the event that the Tax Credit Monitoring Agreement is terminated or extinguished, all provisions under the Tax Regulatory Agreement relating to the Tax Credits shall be null and void as of the date of such termination or extinguishment. Upon the termination of the Tax Regulatory Agreement, upon request of any party thereto, the Issuer, the Borrower and any successor party thereto shall execute a recordable document further evidencing and confirming such termination.

Special Tax Covenants

Restrictive Covenants; Election under 40/60

(a) The Borrower covenants and agrees to perform each and every covenant and agreement set forth in the Tax Regulatory Agreement. The Issuer may enforce the obligations of the Borrower under the Tax Regulatory Agreement by all available legal and equitable means.

(b) (i) The Borrower will acquire its interest in, construct, own its interest in and operate the Project for the purpose of providing, a “qualified residential rental project” as such phrase is used in

Sections 142(a)(7) and 142(d) of the Code, the applicable Treasury Regulations as from time to time promulgated or amended, and the other Tax Requirements; (ii) the benefits and burdens of ownership of the entire Project shall have been transferred to the Borrower for federal tax purposes; and (iii) the Project shall be owned, managed and operated as multifamily residential rental property comprised of a building or structure or several buildings or structures containing similarly constructed units, together with any functionally related and subordinate facilities and no other facilities, in accordance with Section 142(d) of the Code and Sections 1.103-8(b)(4) and 1.103-8(a)(3) of the Regulations, and in accordance with such requirements as may be imposed thereby and by the Code on the Project from time to time.

(c) The Project is intended to qualify as a “qualified residential rental project” and as a “qualified low-income housing project” and the Issuer, at the request of the Borrower elects the 40/60 test requirement of Section 142(d)(1)(B) and Section 42(g)(1)(B) of the Code.

(d) The Borrower will own its interest in and operate the Project in a manner which complies with the Act.

(e) The Bond proceeds shall be deemed allocated on a pro-rata basis to each building in the Project so that such Improvements shall have been financed 50% or more by proceeds of the Bonds for the purpose of complying with the “50% test” under Section 42(h)(4) of the Code.

Representations Regarding the Project

(a) The Issuer passed a resolution with respect to the eligibility of the Project for tax-exempt financing on October 23, 2007 (the “Official Action Date”). No expenditures (within the meaning of the Code) that will be paid or reimbursed directly or indirectly by the proceeds of the Bonds or the Loan were incurred in connection with the construction or equipping of the Project by the Borrower by or for the Borrower more than 60 days prior to the Official Action Date (other than architect’s fees and other preliminary expenditures allowed under Section 1.150-2 of the Regulations).

(b) Each Unit will contain separate and complete facilities for living, sleeping, eating, cooking, and sanitation for a single tenant or multiple tenants, as applicable.

(c) (i) None of the Units in the Project shall at any time be utilized on a transient basis; (ii) none of the Units in the Project shall ever be leased or rented for a period of less than six months; and (iii) neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, health club (which shall not be construed to include recreational facilities which are available only to all tenants and their guests), trailer court or park.

(d) The Project shall consist of one (1) or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (1) owned by the same “person” (as such term is used in the Code) for federal tax purposes, (2) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property (provided, however, that if and to the extent one or more townhome units are located on property that is not part of contiguous tracts of land, (A) each collection of townhome units located on a contiguous tracts of land shall be treated as a separate Project, (B) references in the Tax Regulatory Agreement shall apply to each Project and (C) each separate Project must satisfy the requirements of the Tax Regulatory Agreement), and (3) financed by the Loan or otherwise pursuant to a common plan of financing, and which will consist entirely of:

(1) Units which are similar in quality and type of construction and amenities;

(2) Facilities functionally related and subordinate in purpose and size to property described hereinabove in this paragraph (d), (none of which may be unavailable to any person because such person is a Qualifying Unit Tenant) and other facilities that are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or Units for residential managers or maintenance personnel; and

(3) Such other facilities that do not represent more than an insubstantial portion of the cost of the Project financed by the Bonds.

(e) (i) All Units in the Project shall be leased and rented or made available for lease and rental on a continuous basis to members of the general public who have submitted a housing application and whose names are maintained on a waiting list, and (ii) the Borrower shall not give preference in renting Units in the Project to any particular class or group of persons, other than Qualifying Unit Tenants as provided herein; provided, however, an insubstantial number of Units in the Project (which number, if more than two (2) units, shall have been approved by Bond Counsel in writing) may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Project. Qualifying Unit Tenants will have equal access to and enjoyment of all common facilities of the Project.

(f) All Units will be suitable for occupancy, as determined under regulations of the U.S. Treasury Department, taking into account local health, safety and building codes.

(g) No Unit in the Project shall be occupied by the Borrower or an Affiliated Party at any time unless the Borrower or an Affiliated Party resides in a Unit in a building or structure that contains at least five Units and unless the resident of such Unit is a resident manager or other necessary employee (e.g., maintenance and security personnel).

(h) To the knowledge of the Borrower, no member of the governing board of the Issuer, or any other official or employee of the Issuer (in their personal, non official capacities), has any interest, financial, employment or other in the Borrower, the Project, or the transactions contemplated by the Tax Regulatory Agreement.

(i) At least ninety-five percent (95%) of the net proceeds of the Bonds will be used to provide a “qualified residential rental project” within the meaning of Section 142(a)(7) of the Code. On the Issuance Date, the Borrower will execute a project cost certificate in substantially the form attached as an exhibit to the Tax Regulatory Agreement, based on the amount of Bonds issued on such date.

(j) The Borrower will not convert the ownership of the Project into a condominium or a cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(k) The Borrower may impose additional charges for the use of certain functionally related and subordinate facilities (e.g., recreational facilities) provided all such facilities are available to and affordable by all tenants in the Project on equal terms, no persons who are not tenants or guests of tenants will be permitted to use such facilities and the charges, if any, are reasonable in relation to the use of such facilities.

(l) The Project will not include a Unit in a building unless all Units in such building are also included in the Project.

(m) The Borrower has not and shall not discriminate on the basis of race, creed, religion, color, sex, age or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(n) The Borrower will not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, state or local program, but the Borrower will not be required to permit more persons to occupy a Unit than may be allowed under local zoning laws, the Tax Regulatory Agreement or applicable HUD program standards.

(o) No Units in the Project shall be leased to persons other than individuals and families unless the Issuer and the Trustee receive an opinion of Bond Counsel to the effect that such leases will not adversely affect the exclusion from gross income of the interest on the Bonds (or any bonds issued to refund the Bonds) for purposes of federal income taxation.

(p) The Borrower shall cause the Project to be managed, maintained and operated in a decent, safe and sanitary manner in accordance with applicable "HUD Housing Quality Standards" (as promulgated by HUD) and in compliance with (i) the Act and any and all rules and regulations promulgated thereunder by the Issuer; provided, that with respect to such rules and regulations promulgated, and only such rules and regulations, which may be enacted or promulgated in the future, the same are not inconsistent with the Tax Regulatory Agreement and not in derogation of any rights of the Borrower which arise and vest under the Tax Regulatory Agreement, (ii) Section 142(d) of the Code and any regulations promulgated thereunder during the Qualified Project Period, and (iii) Section 42 of the Code and any regulations promulgated thereunder during the Extended Use Period.

(q) The Project will be owned in its entirety by the Borrower, will be financed pursuant to a common plan, and will be located on two or more contiguous parcels of land (except for the interposition of a road, street, stream or similar property) which will be conveyed to the Borrower by DCHA pursuant to a ground lease, and all of the Improvements will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting, and operation of the Project.

(r) In addition to compliance with the foregoing requirements, the Project is intended to qualify under Section 42(g)(1)(B) of the Code and the Borrower represents that no less than 100% of the Units will be held available for tenants at 60% of MSA Median Family Income throughout the Extended Use period and the Borrower will not at any time during the Extended Use Period terminate any tenant leases other than for cause.

General Tax Covenant; Reliance

(a) The Borrower shall comply with the requirements of Section 142(d) of the Code during the Qualified Project Period and Section 42 of the Code during the Extended Use Period and make known to the Issuer and the Trustee any noncompliance with the provisions thereof of which the Borrower has knowledge. The Issuer may either correct or cause the Borrower to correct any non-compliance with either Section 142(d) of the Code during the Qualified Project Period or Section 42 of the Code during the Extended Use Period and the applicable Treasury Regulations. The Borrower shall exercise reasonable diligence in discovering and making known to the Issuer any such non-compliance. Any related costs to the Issuer associated with curing noncompliance with Section 142(d) of the Code during the Qualified Project Period and Section 42 of the Code during the Extended Use Period shall be borne by the Borrower.

(b) The Issuer, the Trustee and the Borrower recognize and agree that the representations and covenants set forth in the Tax Regulatory Agreement will be relied upon by the Issuer, the Trustee and all persons interested in the legality and validity of the Bonds and in the excludability from gross income for purposes of federal income taxation of the interest on the Bonds as well as satisfaction of the requirements for the Project to be a “qualified low-income housing project.” In performing their duties and obligations hereunder, the Issuer and the Trustee and their employees and agents may rely upon statements and certificates of the Borrower and Qualifying Unit Tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In performing its duties and obligations under the Tax Regulatory Agreement, the Borrower may rely upon certificates of Qualifying Unit Tenants that are reasonably believed to be genuine and to have been executed by the proper person or persons, and that are substantiated by the additional materials to be obtained concerning each tenant pursuant to the terms of the Tax Regulatory Agreement.

(c) The Issuer and the Borrower each independently agree that it will not take or permit, or omit to take or cause to be taken, as is appropriate, any action within its control that would adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes (except with respect to any Bond during any period while any such Bond is held by a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code) or cause the Project to fail to qualify as a “qualified low-income housing project” and that, if it should take or permit any such action, it shall take all lawful actions that it can take to rescind such actions promptly upon having knowledge thereof. The Issuer and the Borrower each independently agrees that it will take all actions within its control including, without limitation, amendment of the documents and agreements relating to the Bonds and the Project to which it is a party, as may be necessary, in the written opinion of Bond Counsel filed with the Issuer, the Borrower and the Trustee, to comply fully with all applicable Tax Requirements.

(d) The Issuer and the Borrower each independently agree that it will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer, the Borrower and the Trustee, in order to insure that the requirements and restrictions of the Tax Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Tax Regulatory Agreement (and any amendments thereto) in the land records of the District.

(e) Certain provisions of the Tax Regulatory Agreement refer to or incorporate by reference provisions from the Indenture or the Loan Agreement, copies of which shall be obtained by any Borrower under the Tax Regulatory Agreement by requesting the same from the Issuer or the Trustee.

(f) The Issuer and the Borrower covenant under the Tax Regulatory Agreement to include the requirements and restrictions contained in the Tax Regulatory Agreement in any documents transferring any interest of the Borrower and the Issuer in the Project to another person (other than a lease to a tenant in the ordinary course) or entity to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of the Tax Regulatory Agreement.

(g) The Borrower covenants to perform all obligations and comply with all conditions contained in the Tax Credit Monitoring Agreement, including remittance of the 8609 issuance fee due to DHCD at the time the Borrower applies for the issuance of the 8609s.

(h) The Borrower shall notify the Issuer in writing, within seven (7) days of any breach of any provision of the Tax Credit Monitoring Agreement.

Covenants Regarding the Tax Credit Monitoring Agent

(a) DHCD shall initially serve as the Tax Credit Monitoring Agent under the Tax Regulatory Agreement. DHCD shall charge to the Project a Tax Credit Monitoring Fee (the "Monitoring Fee") in an amount equal to at least Thirty-five Dollars (\$35) per unit per annum as determined by DHCD in its sole discretion. The Monitoring Fee shall be billed and collected by the Tax Credit Monitoring Agent.

Occupancy Requirements

For the purpose of satisfying the requirements of the Act and the 40/60 test requirement of Section 142(d) of the Code and Section 42 of the Code, the Borrower represents, covenants and agrees:

(a) (i) Commencing on the first day of and throughout the Qualified Project Period, not less than forty percent (40%) of the Units in the Project at all times throughout the Qualified Project Period shall be rented to and occupied (or held available for rent, if previously rented to and occupied by a Qualifying Unit Tenant) by Qualifying Unit Tenants as required by Section 142(d) of the Code, and (ii) throughout the Compliance Period not less than one hundred percent (100%) of the Units in the Project at all times shall be rented to and occupied (or held available for rent, if previously rented to and occupied by a Qualifying Unit Tenant) by Qualifying Unit Tenants. For purposes of satisfying this requirement, a Qualifying Unit Tenant shall continue to qualify as a Qualifying Unit Tenant if, after admission, the Qualifying Unit Tenant's Annual Income exceeds the applicable qualifying income level set forth in the definition of "Qualifying Unit Tenant" herein so long as the Annual Income of such tenant does not exceed one hundred-forty percent (140%) of the then current maximum allowable Annual Income for Qualifying Unit Tenants of the same family size.

(b) If, as of the most recent annual Income Certification, it is determined that the Annual Income of a person or family occupying a Qualified Unit exceeds one hundred-forty percent (140%) of the then current maximum allowable Annual Income, such person shall not be disqualified as a Qualifying Unit Tenant, provided that the next vacant Unit of comparable or smaller size is rented to a person or family that qualifies as a Qualifying Unit Tenant. Only if the next vacant Unit of comparable or smaller size is rented to a new resident who does not qualify as a Qualifying Unit Tenant will such person or family whose income increased above the one hundred-forty percent (140%) limit no longer qualify as a Qualifying Unit Tenant. If necessary, the Borrower shall refrain from renting dwelling Units in the Project to persons other than Qualifying Unit Tenants in order to avoid violating the requirement that at all times during the Qualified Project Period not less than forty percent (40%) of the completed dwelling Units in the Project shall be occupied by Qualifying Unit Tenants. If a Unit is vacated by an individual or family who qualified as a Qualifying Unit Tenant, such Unit shall be treated as occupied by a Qualifying Unit Tenant until reoccupied, other than for a temporary period of not more than thirty-one (31) days at which time the character of the Unit shall be redetermined.

Determination of Income

The Borrower shall obtain from all Qualifying Unit Tenants no more than sixty (60) days prior to their respective initial occupancy of Units, and thereafter shall use its best efforts to obtain not less than sixty (60) days prior to the anniversary of each such Tenant's occupancy (a) the Tenant's Federal income tax return for the taxable year immediately preceding such occupancy or anniversary or such other third party income verification as may substantiate the Tenant's sources of income during the year preceding such occupancy or anniversary, and (b) a sworn and notarized current Income Certification substantially in the form attached as an exhibit to the Tax Regulatory Agreement, as the same may be amended from time to time by the Issuer on the written advice of Bond Counsel, or in such other form and manner as may be required by the Tax Requirements, and as the same may be amended from time to time by the

Issuer on the written advice of Bond Counsel, and, if requested by the Issuer for a particular Qualifying Unit Tenant or Tenants following its or their initial occupancy of a Unit, an income verification from such Tenant's employer or other source of income. The Borrower shall be deemed to have used its best efforts if it exercises all available remedies under its lease with the respective Tenant, including a suit for possession.

Leases for Qualifying Units

The Borrower shall require all Qualifying Unit Tenants to execute a lease in the form attached as an exhibit to the Tax Regulatory Agreement, as applicable, or another form prescribed or approved by the Tax Credit Monitoring Agent or the Issuer, as applicable, in its reasonable discretion, containing specific provisions requiring among other things that (a) the minimum rental period shall be at least six months, (b) such Unit shall not be subleased or assigned, (c) the lease shall terminate and the Tenant may be evicted for any violation of the Tenant's tenancy, including, but not limited to, any false or misleading statement in the information or certification supplied by the Tenant to evidence his status as a Qualifying Unit Tenant and such other certifications that may be required to implement the provisions of the Tax Regulatory Agreement or any failure or refusal to provide information required within the time set forth in the Tax Regulatory Agreement, (d) the Tenant shall provide the information required to recertify his or her Annual Income, including Federal income tax returns, not less than sixty (60) days prior to each anniversary of his or her occupancy, and (e) the incomes of all occupants of a Unit shall be reflected in the certification, and any person who commences occupancy of a Unit during the term of the lease shall complete an Income Certification and supply other data required under the terms of the Tax Regulatory Agreement.

Compliance Period; Rents on Tax Credit Units

(a) During the Compliance Period, the Borrower shall lease no less than forty percent (40%) of the Units to Qualifying Unit Tenants ("Tax Credit Tenants") in accordance with the requirements of Section 42 of the Code. Notwithstanding the minimum requirements of Section 42 of the Code, the Borrower has agreed to lease no less than 100% of the Units in the Project to Tax Credit Tenants. The Tax Credit requirements shall be met continuously throughout the Compliance Period, and the Units must remain rental property throughout the Compliance Period.

(b) Rent for each Tax Credit Unit with one or more separate bedrooms shall not exceed thirty percent (30%) of sixty percent (60%) of the then current MSA Median Family Income (as determined by HUD) adjusted for a household consisting of the number obtained by multiplying one and one-half (1.5) by the number of bedrooms for any such Unit.

(c) Any increase in the Rents shall be subject to the prior approval of the Issuer as provided under the terms of the Tax Regulatory Agreement.

Rent Increases

The annual adjustment of Rents for Units qualifying for Tax Credits shall be calculated in accordance with the then current MSA Median Family Income as adjusted as described in the Tax Regulatory Agreement. The initial Rents for all Qualified Units are listed in an exhibit to the Tax Regulatory Agreement. Except for changes in rent mandated by applicable HUD regulations governing occupancy of the Units, the Borrower may not without the prior written consent of the Issuer, implement any changes in the Rent charged for any Unit. The Borrower shall make its request to the Issuer in writing of any proposed Rent changes for Units and the percentage increase in the monthly Rents. No

Rent increases shall be effective until the first day on which Rent is normally paid occurring more than thirty (30) days after notice of such increase is given to a tenant.

Extended Use Period

(a) The Borrower covenants in the Tax Regulatory Agreement that it will enter into a Tax Credit Monitoring Agreement with DHCD on terms that are set forth in the Tax Regulatory Agreement.

(b) The Extended Use Period shall terminate on the earlier to occur of: (i) the date the Project is acquired by foreclosure or transferred by a deed or other instrument in lieu of foreclosure or comparable conversion of the Loan, unless the Secretary of the Treasury determines that such acquisition is solely arranged so as to allow the Borrower to avoid the restrictions imposed in the Tax Regulatory Agreement; or (ii) the last day of the one (1) year period following the delivery of a request to DHCD, and the subsequent failure of DHCD to secure a “qualified contract” as defined in Section 42(h)(6)(F) of the Code. With respect to (i) above, in the event that any building within the Project is acquired by foreclosure, or deed in lieu of foreclosure or comparable conversion of the Loan, the Extended Use Period shall continue in full force and effect with respect to any remaining buildings within the Project not subject to the foreclosure or deed in lieu of foreclosure or comparable conversion of the Loan.

(c) In the event that the Extended Use Period is terminated pursuant to the first sentence of paragraph (b) above, during the three (3) year period following such termination the Borrower shall not: (i) evict or terminate the tenancy, other than for good cause, of an existing tenant in a Unit qualifying for Tax Credits within the Project, or (ii) increase the gross Rent with respect to any such Unit in an amount exceeding the maximum Rent for such Unit permitted under Section 42 of the Code.

(d) During the Extended Use Period, the Borrower shall not: (i) evict or terminate the tenancy, other than for good cause, of an existing tenant in a Unit qualifying for Tax Credits within the Project; or (ii) increase the gross Rent with respect to any such Unit, to an amount exceeding the maximum rent for such Unit permitted under Section 42 of the Code.

(e) The Borrower is prohibited from selling or otherwise disposing of any portion of the Project to which the Extended Use Period applies to any person unless one hundred percent (100%) of the Project to which the Extended Use Period applies is sold or otherwise disposed of to such person.

Extended Use Applicable Fraction

The Borrower represents, warrants and covenants that throughout the Extended Use Period one hundred percent (100%) of the Units shall be leased to or held for rental by Qualifying Unit Tenants in accordance with the requirements of Section 42 of the Code.

Rental Restrictions

The Borrower represents, warrants and covenants that throughout the Extended Use Period one hundred percent (100%) of the Units in the Project shall be “rent-restricted” as described therein.

Restriction on Transfer; Withdrawal of General Partner

(a) Except as otherwise provided for in the Tax Regulatory Agreement or with respect to any restrictions relating to the Leasehold, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security

interest in or grant any other interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(b) Except as permitted in the Loan Agreement, no interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise.

(c) DCHA has a right of first refusal and option to purchase the interests of the Borrower pursuant to the Right of First Refusal Agreement. Any transfers of interests in the Borrower or the Project pursuant to the Right of First Refusal Agreement will be permitted under the Tax Regulatory Agreement provided such transfers are in accordance with applicable law, including but not limited to, the applicable provisions of the Code as determined by Bond Counsel.

Reports; Certifications

(a) The Borrower shall submit to the Secretary of the United States Treasury on or before March 31 of each year during the Qualified Project Period the annual certification of compliance in the form, time and manner required under Section 142(d)(7) of the Code (Internal Revenue Service Form 8703). On or before each February 15, during the Qualified Project Period, the Borrower will submit to the Bond Monitoring Agent and the Issuer a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code.

(b) The Borrower shall also provide during the Qualified Project Period a monthly report in writing to the Issuer, substantially in the form attached as an exhibit to the Tax Regulatory Agreement.

Compliance; Involuntary Noncompliance.

(a) The Borrower covenants to inform the Issuer and the Trustee, so long as the Bonds are outstanding, by written notice of any violation of the Borrower's obligations under certain provisions of the Tax Regulatory Agreement within fourteen (14) days of first discovering any such violation. The Issuer shall receive and monitor any reports submitted by the Borrower and notify the Borrower and the Trustee, so long as the Bonds are outstanding, of the breach of any covenant or agreement contained in the Tax Regulatory Agreement based upon information contained in any such report or otherwise. In the event of the breach of any covenant or agreement that continues to exist uncorrected for a period of seven (7) business days after written notice to the Borrower (or for an extended cure period approved in writing by the Issuer if such default stated in such notice can be corrected, but not within such seven (7) business day period), the Issuer (i) may take all action necessary to cause the Borrower to cure such breach, including specific enforcement of such covenants or agreements, and shall take such action if a failure by the Borrower to comply with such covenants or agreements would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and (ii) may take any other actions necessary or desirable to cause the Borrower to cure such breach.

(b) Notwithstanding the provisions of subsection (a) above, the restrictions contained in the Tax Regulatory Agreement regarding the use and operation of the Project shall automatically terminate in the event of involuntary noncompliance caused by foreclosure or transfer of title by deed in lieu of foreclosure, fire, seizure, requisition, condemnation or similar governmental taking by eminent domain, change in a federal law or an action of a federal agency after the date the Bonds are issued which prevents compliance with the covenants expressed herein, BUT ONLY IF, either (i) all Bonds have been or within a reasonable period thereafter are redeemed, and paid in full and all obligations under the Loan Agreement are paid in full, or (ii) within a reasonable period 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) and there is an opinion of Bond Counsel that such use of the amounts received does not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In either event, upon the request of the Borrower and at the expense of the Borrower, the parties hereto shall execute an appropriate document in recordable form to evidence and confirm such automatic termination; provided, however, the restrictions of the Tax Regulatory Agreement shall nevertheless apply to the Project if, at any time during that part of the Qualified Project Period subsequent to a foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or a related person (as that term is defined in Treasury Regulation § 1.103-10(e)) obtains an ownership interest in the Project for tax purposes.

Management Agreement

The Borrower has entered into, and will maintain in effect, the Management Agreement in form and substance satisfactory to the Issuer. The Borrower will notify the Issuer of any request to change the Management Agent or the Management Agreement. The Borrower acknowledges that the Issuer and the Trustee have relied and will rely on the Management Agent's experience in operating properties such as the Project as a means of maintaining the value of the Project. Any management contract entered into by the Borrower for the Project, other than when DCHA is serving as Management Agent), shall require approval by the Issuer (which approval shall not be unreasonably withheld or delayed) and shall provide that it shall be subject to termination, without penalty, upon written request by the Issuer, addressed to the Borrower upon thirty (30) days' prior written notice thereof by the Issuer. Upon receipt of such request, the Borrower shall terminate the Management Agreement within forty-five (45) days or such longer time as may be approved by the Issuer, provided that (i) the Issuer has approved of a new Management Agent in accordance with the Tax Regulatory Agreement and (ii) the change in management will not result in the Project being without a Management Agent for any time period. In the event the Management Agent's rights conflict with the Issuer's rights, the Issuer's rights shall prevail. The Management Agent shall turn over to the Borrower all of the Project's cash, trust accounts, investments and records within thirty (30) days after the Management Agreement is terminated. The Tax Regulatory Agreement contains certain requirements in connection with the Management Agreement or the approval of a new management company, as Management Agent, or a new management contract, as described therein.

Recording and Filing; Covenants Running with the Land

Prior to or simultaneously with the disbursement of moneys under the Indenture, the Borrower shall cause the Tax Regulatory Agreement and thereafter shall cause any amendments and supplements hereto to be recorded and filed in the land records of the District and shall pay all fees and charges incurred in connection therewith.

Event of Default and Enforcement

(a) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation under the Tax Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after written notice specifying such default and the actions required to correct the same shall have been given by the Trustee or the Issuer to the Borrower (or for an extended cure period approved in writing by Bond Counsel if such default stated in such notice can be corrected, but not within such 60-day period), then such uncured breach or default shall constitute an "Event of Default" under the Tax Regulatory Agreement.

(b) Upon the occurrence of an Event of Default under the Tax Regulatory Agreement, the Issuer may take whatever other action at law or in equity or otherwise, whether for specific performance

of any covenant in the Tax Regulatory Agreement or such other remedy as may be deemed most effectual by the Issuer to enforce the obligations of the Borrower under the Tax Regulatory Agreement, and including the appointment of a receiver to operate the Project in compliance with the Tax Regulatory Agreement, or the institution and prosecution of any action or proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to enforce compliance or to recover monetary damages caused by such violation or attempted violation, except that no action for damages shall be brought without the consent of the Trustee while the Bonds are outstanding, and no such damages shall be collected from any source.

(c) In addition to any and all other available remedies, the Borrower consents and agrees that any one or more of the following remedies shall be available upon the occurrence of an Event of Default under the Tax Regulatory Agreement:

(i) The Borrower acknowledges and agrees that specific performance of the covenants and requirements of the Tax Regulatory Agreement shall be necessary to achieve the intent hereof, and that no appropriate remedy at law would be available upon an Event of Default under the Tax Regulatory Agreement, or if available, any such remedy would be inadequate to implement the public purposes of the Act and to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes, and that the Trustee, the Issuer and the holders of the Bonds would be irreparably injured by the Borrower's failure specifically to perform the covenants and requirements thereof; therefore, notwithstanding anything to the contrary stated in the Tax Regulatory Agreement, the Trustee and the Issuer each will have the right to seek specific performance of any of the covenants and requirements of the Tax Regulatory Agreement concerning the demolition, acquisition, equipping, construction and operation of the Project or an order enjoining any violation of the Tax Regulatory Agreement.

(ii) The Borrower agrees that the appointment of a receiver may be necessary to prevent waste to the Project and to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes following an Event of Default by the Borrower under the Tax Regulatory Agreement. The Issuer or Trustee may require the appointment of such a receiver.

(d) The Trustee and the Issuer shall have the right, either jointly or severally, to enforce the Tax Regulatory Agreement and require curing of an Event of Default by the Borrower under the Tax Regulatory Agreement in periods shorter than otherwise specified in the Tax Regulatory Agreement, if Bond Counsel shall, in writing, opine to the parties thereto that it is necessary to effect a cure within a shorter period in order to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(e) No remedy conferred upon or reserved to the Issuer or the Trustee by the Tax Regulatory Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Tax Regulatory Agreement, the Loan Agreement, the Indenture or any related documents, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any failure to perform under the Tax Regulatory Agreement shall impair any such right or power or shall be construed to be a waiver thereof. The Issuer authorizes and directs the Trustee to enforce any and all of the Issuer's rights and remedies under the Tax Regulatory Agreement on behalf of the Issuer in the event the Issuer fails to exercise the same and the Trustee acknowledges its right to enforce such rights and remedies.

Summary of Certain Provisions of the Escrow Agreement

The Escrow Agreement contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Escrow Agreement which reference is hereby made, copies of which are available from the Issuer or the Trustee. This summary uses various terms defined in the Escrow Agreement and such terms as used herein shall have the same meanings as so defined.

Procedures for Disbursement of Funds

(a) DCHA Loan Funds shall be deposited into the Escrow Account of the Escrow Fund in accordance with the provisions of the DCHA Loan Agreement, the DCHA Escrow Agreement and the Investment Agreement. Bond proceeds that have been invested either in Replacement SLGS or pursuant to the Investment Agreement shall be disbursed to the Borrower, in accordance with the provisions of the Escrow Agreement, the DCHA Loan Agreement, and the Loan Agreement. DCHA agrees that moneys used to fund the DCHA Loan shall be deposited by the escrow agent under the DCHA Escrow Agreement immediately and without further direction into the Escrow Account of the Escrow Fund, in accordance with the applicable provisions of the DCHA Loan Agreement, the DCHA Escrow Agreement and the Escrow Agreement.

(b) At least seven (7) days prior to each Construction Draw Date, the Borrower shall provide the Escrow Agent, the Trustee, the escrow agent under the DCHA Escrow Agreement and DCHA with a copy of the approved Requisition and shall give notice to the Escrow Agent, the Trustee, the escrow agent under the DCHA Escrow Agreement and DCHA stating (i) the amount of the construction draw, and (ii) the proposed Construction Draw Date (together the “Required Notices”).

(c) Promptly following receipt of the Required Notices, the escrow agent under the DCHA Escrow Agreement shall make arrangements for the requested amount to be deposited into the Escrow Account, in the amount so approved by DCHA and the Issuer (the “DCHA Escrow Deposit”).

(d) Upon receipt of the DCHA Escrow Deposit, the Escrow Agent will notify the parties to the Escrow Agreement of such deposit, and for as long as any portion of Initial SLG has not been redeemed and converted into a Replacement SLG, the Trustee shall place a subscription order for a Replacement SLG in the amount of the DCHA Escrow Deposit, or a portion thereof, to the extent that the amount of such Replacement SLG, when added together with all other Replacement SLGS previously deposited in the Escrow Fund, does not exceed the amount of the Initial SLGS. If the amount of the DCHA Escrow Deposit or any portion thereof, exceeds the amount of the Initial SLG when added together with all Replacement SLGS previously deposited in the Escrow Fund, the Escrow Agent shall deposit such funds in the Escrow Account of the Escrow Fund in accordance with the provisions of the Investment Agreement.

(e) Any conflict in draw or disbursement procedures between the DCHA Loan Agreements and the Loan Agreement shall be resolved in accordance with the provisions of the Loan Agreement, provided, however, in any event, the provisions of the Escrow Agreement shall control over any conflicting provisions or requirements of the DCHA Loan Agreement and the Loan Agreement.

Creation of Escrow Fund

The Escrow Fund is established for the purposes and uses, and subject to the liens, limitations, and requirements set forth in the Escrow Agreement. There shall be two accounts within the Escrow

Fund: the Escrow Account and the Earnings Account. The DCHA Loan Funds shall be deposited into the Escrow Fund and the DCHA Escrow Deposits shall be disbursed from the Escrow Fund strictly in accordance with the terms of the Escrow Agreement. DCHA or the Issuer may direct the Escrow Agent to create such additional sub-accounts in the Escrow Account as may be necessary to meet any governmental, regulatory or contractual obligations of DCHA or the Issuer, provided that amounts on deposit in any such sub-accounts of the Escrow Account shall be deposited, invested and applied in accordance of the provisions of the Escrow Agreement relating to the Escrow Account.

Deposit of Funds

All investment earnings from moneys held in the Escrow Account shall be transferred to the Earnings Account upon receipt by the Escrow Agent, without further authorization or direction from any party to the Escrow Agreement. Moneys held in the Earnings Account shall be used for the purposes provided in this Escrow Agreement.

Deposit Irrevocable

The deposit of DCHA Escrow Deposits into the Escrow Fund shall constitute an irrevocable deposit for the respective benefit of the owners of the Bonds, subject to the terms of the Escrow Agreement, which specifically permits the disbursement or use of moneys held in the Escrow Fund or the disposition of any excess moneys as permitted by the Escrow Agreement. All DCHA Loan Funds deposited into the Escrow Fund shall be the property of DCHA, subject in each case, however, to the terms, conditions and requirements of this Escrow Agreement.

Investment of Escrowed Funds

Moneys in the Escrow Fund shall be invested as follows:

- (a) On each Construction Draw Date, an amount up to the Initial SLGS deposit shall be invested in Replacement SLGS;
- (b) The amount of the Initial SLGS that have not been reinvested in Replacement SLGS, if any, shall remain invested in Initial SLGS until redeemed on a subsequent Construction Draw Date; and
- (c) Thereafter the balance in the Escrow Fund shall be invested in the Investment Agreement.

The Escrow Agent may make investments other than as described in above only upon (i) the written direction of the Borrower, (ii) the written approval of the Issuer, (iii) the receipt of an opinion of Bond Counsel that the interest on the Bonds will remain excluded from gross income for federal income tax purposes, and (iv) confirmation by the Rating Agency that the proposed withdrawal or reinvestment will not adversely affect the rating on the Bonds.

Security Interest in Escrow Fund

The DCHA Escrow Deposits and any other moneys deposited with the Escrow Agent pursuant to the Escrow Agreement or held in the Escrow Fund shall be held by the Escrow Agent pursuant to the terms of the Escrow Agreement for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds. DCHA pledges, grants and conveys to the Trustee a lien on and security interest in all moneys held in the Escrow Fund, such lien and security interest to be held by the Trustee for the equal and proportionate benefit, security and protection of all present and future owners of

the Bonds. Any moneys realized by the Trustee by reason of the lien and security interest created by the Escrow Agreement shall be used solely to pay principal of and interest on the Bonds and not to pay the fees or expenses of any person.

The Borrower, on behalf of the Trustee, shall perfect, or shall cause to be perfected any security interest created under the Escrow Agreement by the filing of financing statements which fully comply with the District of Columbia Uniform Commercial Code - Secured Transactions, in the office of Chattel Records, in the District of Columbia. The parties further agree that the Escrow Agent, at the expense of the Borrower, shall file continuation statements with respect to any such original financing statements of which a legible copy, showing the date and place of filing, is delivered to the Escrow Agent within the time prescribed by the District of Columbia Uniform Commercial Code - Secured Transactions, in order to continue any security interest created by the Escrow Agreement.

If, at any time, any of the information contained in any financing statement filed in connection with any security interests created by the Escrow Agreement, including without limitation, the description of the collateral, shall change in such manner as to cause such financing statement to become misleading in any material respect or as may impair the perfection of the security interests intended to be created by the Escrow Agreement, then the Borrower and DCHA, with the cooperation of the Escrow Agent shall promptly prepare an amendment to such financing statement as may be necessary to continue the perfection of the security interest intended to be created by the Escrow Agreement, obtain the signatures of the debtor and secured party upon such amendment, and file the same in any office where such amendment is required to be filed to continue the perfection of the security interest intended to be created by the Escrow Agreement. The Borrower shall pay all costs and expenses incurred in connection with the performance of its obligations described in this paragraph.

Disbursement of Funds from Escrow Fund

All moneys received or held by the Escrow Agent pursuant to the terms of the Escrow Agreement shall be disbursed by the Escrow Agent to the Trustee solely for the following purposes at the following times and in the following amounts:

(a) from the Escrow Account, to the Trustee to be used to pay principal of the Bonds at their maturity, or upon acceleration of the Bonds prior to maturity, all at such times as provided in and in accordance with the terms of the Indenture;

(b) from the Earnings Account, to the Trustee to be used to pay interest payable on the Bonds on each Interest Payment Date, or upon acceleration of the Bonds prior to maturity, in each case at the times provided in and in accordance with the terms of the Indenture;

(c) upon maturity of the Bonds or acceleration of the Bonds prior to maturity, any moneys remaining in the Escrow Account or the Earnings Account, after application as described in clauses (a) or (b) above, shall be paid to the Trustee and applied to pay any unpaid principal of or interest on the Bonds; and

(d) subject to the uses described in this section, following payment of the Bonds, or provision for their payment, in accordance with the terms of the Indenture, as permitted by the Escrow Agreement.

Upon the occurrence of any of the events described in clauses (a) or (b) above, the Escrow Agent is authorized and directed, without any further authorization or direction from any of the other parties to the Escrow Agreement, to disburse immediately moneys held in the Escrow Account or the Earnings Account for the purposes and uses described in such clauses.

Term; Disposition of Excess Moneys in the Escrow Fund

The Escrow Agreement shall become effective upon its execution and delivery and shall terminate when all the outstanding Bonds and interest due thereon have been paid and discharged in accordance with the terms of the Indenture.

Upon the termination of the Escrow Agreement any moneys remaining in the Escrow Account or the Earnings Account not required to pay principal of and interest on the Bonds and after payment in full, or provision for payment, of the final Rebate Amount, shall be disbursed by the Escrow Trustee as directed by DCHA (or in the absence of any written direction by DCHA, as directed by the Borrower).

APPENDIX C

FORM OF BOND COUNSEL OPINION

May 30, 2008

District of Columbia Housing Finance Agency
815 Florida Avenue, N.W.
Washington, DC 20001

\$5,100,000

**District of Columbia Housing Finance Agency
Collateralized Multifamily Housing Revenue Bonds
(Arthur Capper ACC Townhomes Phase I Project), Series 2008**

We have acted as Bond Counsel in connection with the issuance and sale by the District of Columbia Housing Finance Agency (the "Agency") of its \$5,100,000 Collateralized Multifamily Housing Revenue Bonds (Arthur Capper ACC Townhomes Phase I Project), Series 2008 (the "Bonds"), dated May 30, 2008. The Bonds are issued under and pursuant to a certain Trust Indenture between the Agency and Regions Bank., as trustee (the "Trustee"), dated as of May 1, 2008 (the "Indenture"). Terms not defined herein shall have the meanings provided in the Indenture.

The Agency is a corporate body and an instrumentality of the District of Columbia (the "District"), organized and existing under and pursuant to the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, D.C. Code § 42-2701.01 et seq., as amended (the "Act"). The Bonds are issued under and pursuant to (i) the Act, (ii) the eligibility resolution, adopted by the Agency on October 23, 2007 and (iii) the final bond resolution, adopted by the Agency on May 28, 2008.

The proceeds of the Bonds are to be used to fund a loan to Capper Residential I, L.P. (the "Borrower"), pursuant to a Loan Agreement (the "Loan Agreement"), dated as of May 1, 2008, between the Issuer and the Borrower, to finance or provide financial assistance for a portion of the costs of the construction and equipping by the Borrower of a low and moderate-income rental housing project, which following construction, will consist of a new four story building with 39 townhome units and related facilities to be located within the District and to be owned by the Borrower.

In our capacity as bond counsel, we have examined the law and such certified proceedings, a specimen Bond, and certain documents, including the Indenture, the Tax Regulatory Agreement, the Escrow Agreement and the Loan Agreement, opinions of counsel to other parties to the transaction upon which certain reliance has been placed, documents, records and other papers as we have deemed relevant and necessary to render the opinions set forth below.

As to questions of fact material to our opinion, we are relying upon (i) representations of the Agency and the Borrower contained in the documents underlying the issuance of the Bonds, (ii) certified proceedings and other certifications of public officials furnished to us, and (iii) other certifications given to us, without undertaking to verify any of the foregoing by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents, written opinions and other proceedings provided to us, the authenticity of all documents submitted to us as originals, the genuineness of all signatures appearing on documents we have examined,

the conformity of the originals of all documents submitted to us as certified or photostatic copies and the legal capacity of natural persons executing all executed documents.

Based on this examination we are of the opinion that, under existing law:

1. The Agency is duly created and validly exists under the Act as a corporate body and an instrumentality of the District with full power to issue, sell and deliver the Bonds for the financing of the Project.

2. The Indenture, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Escrow Agreement and the Loan Agreement have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Agency enforceable against the Agency in accordance with their terms, subject to certain exceptions set forth below.

3. The Bonds have been duly and validly authorized, executed and delivered by the Agency and constitute valid and binding special obligations of the Agency, payable solely from and secured in the manner and to the extent set forth in the Indenture and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained therein. Neither the faith and credit nor taxing power of the District is pledged to the payment of principal of or interest or any premium on the Bonds. The Agency has no taxing power.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code), except for interest on any Bond for any period during which it is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code. Interest on the Bonds is an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax imposed on individuals and corporations.

We have relied upon the accuracy, which we have not independently verified, of the representations and certifications, and have assumed compliance with the covenants, of the Agency and the Borrower in the documents in the transcript of proceedings for the Bonds. The accuracy of the representations and certifications and compliance by the Agency and the Borrower with such covenants are necessary for interest on the Bonds to be and to continue to be excluded from gross income for federal income tax purposes. Failure by the Agency or the Borrower to comply with certain of such covenants on the date of or subsequent to the issuance of the Bonds could cause interest on all or a portion of the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and a federal tax imposed on excess net passive income of certain S Corporations. The extent of other tax consequences will depend upon the particular status and circumstances of the owner of the Bonds. We express no opinion regarding any such tax consequences.

5. The Bonds and the interest thereon are exempt from all District taxation, except estate, inheritance and gift taxes.

The rights of owners of the Bonds and the enforceability of the Bonds and related Bond Documents may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws

affecting creditors' rights to the extent constitutionally applicable and subject to the exercise of judicial discretion in appropriate cases.

We have assumed the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$5,100,000

**District of Columbia Housing Finance Agency
Collateralized Multifamily Housing Revenue Bonds
(Arthur Capper ACC Townhomes Phase I Project), Series 2008**

THIS CONTINUING DISCLOSURE AGREEMENT dated as of May 1, 2008 (this “Disclosure Agreement”) is executed and delivered by Capper Residential I, L.P., a District of Columbia limited partnership (the “Borrower”), Regions Bank, as Dissemination Agent (the “Dissemination Agent”), and Regions Bank, as trustee (the “Trustee”), for the holders of the above captioned bonds (the “Bonds”). The Bonds are authorized to be issued pursuant to the District of Columbia Housing Finance Agency Act, Chapter 27 of Title 42 of the D.C. Code, as amended (the “Act”), and a Trust Indenture dated as of May 1, 2008 between the District of Columbia Housing Finance Agency (the “Issuer”) and the Trustee (the “Indenture”). The Borrower, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking of the Borrower for the benefit of the Bondholders required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2 12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2 12) (the “Rule”).

The Borrower, as an “obligated person” within the meaning of the Rule, undertakes to provide the following information as provided in this Disclosure Agreement:

- (a) Annual Financial Information;
- (b) Audited Financial Statements, if any; and
- (c) Material Event Notices.

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 in this Section, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means, in the case of the Borrower, annual financial statements (which may, but are not required to, be Audited Financial Statements) and the financial information or operating data with respect to the Project, provided at least annually, of the type included in Exhibit 1 hereto.

“Audited Financial Statements” means, in the case of the Borrower, the annual audited financial statements, if any.

“Beneficial Owners” means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

“Dissemination Agent” means Regions Bank, or any successor Dissemination Agent designated in writing by the Borrower with the prior written consent of the Issuer and which has filed with the Trustee and the Issuer (or any successor to the Issuer’s obligations under the Rule) a written acceptance of such designation.

“Holders” means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

“Material Event” means any of the following events with respect to the Bonds, if material:

- (a) Principal and interest payment delinquencies;
- (b) Non payment related Events of Default under and as defined in the Indenture;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) Modifications to rights of Bondholders;
- (h) Bond calls (other than mandatory sinking fund redemptions);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds; and
- (k) Rating changes.

“Material Event Notice” means written or electronic notice of a Material Event.

“NRMSIR” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are NRMSIRs:

1. FT Interactive Data
100 William Street
New York, New York 10038
(212) 771-6999 (phone)
(212) 771-7390 (fax)
Attn: NRMSIR
<http://www.ftid.com>
Email: nrmsir@interactivedata.com

2. Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
(212) 438-4595 (phone)
(212) 438-3975 (fax)
[www.jjkenny.com/jjkenny/pser descrip data rep.html](http://www.jjkenny.com/jjkenny/pser%20descrip%20data%20rep.html)
Email: nrmsir_repository@sandp.com

3. Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08542-0888
(609) 279-3225 (phone)
(609) 279-5762 (fax)
Attn: Reporting - Disclosure Documents
<http://www.bloomberg.com/markets/rates/municontacts.html>
Email: munis@bloomberg.com

4. DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
<http://www.dpcdata.com>
Email: nrmsir@dpcdata.com

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Project” means the project financed with proceeds of the Bonds.

“SID” means a local information repository as operated or designated by the District of Columbia as such for the purposes referred to in the Rule. As of the date of this Disclosure Agreement, there is no SID operated or designated by the District of Columbia as such for the purposes referred to in the Rule.

Section 3. Provision of Annual Reports. While any Bonds are outstanding with respect to the Project, the Borrower shall cause the Dissemination Agent to provide the Annual Financial Information on or before May 1 of each year (the “Borrower Report Date”), beginning on or before May 1, 2009, to all Bondholders requesting such information, the Participating Underwriter, each then existing NRMSIR and the SID, if any. If the Dissemination Agent is to provide the Annual Financial Information, not later than 15 Business Days prior to said date, the Borrower shall provide the Annual Financial Information to the Dissemination Agent. The Borrower shall include with each such submission of Annual Financial Information to the Dissemination Agent a written representation addressed to the Dissemination Agent, upon which the Dissemination Agent may conclusively rely, to the effect that the Annual Financial Information is the Annual Financial Information required to be provided by it pursuant to this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement. In each case, the Annual Financial Information may be submitted as a single document or as a set of documents, and all or any part of such Annual Financial Information may be provided by specific cross reference to other documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board, as provided in the definition of Annual

Financial Information. The Audited Financial Statements, if any, may, but are not required to be, provided as a part of the Annual Financial Information.

(a) If not provided as part of the Annual Financial Information, the Borrower shall deliver to the Dissemination Agent and cause the Dissemination Agent to provide Audited Financial Statements when and if available while any Bonds are Outstanding with respect to the Project to all Bondholders requesting such information, the Participating Underwriter, each then existing NRMSIR and the SID, if any.

(b) If by 15 Business Days prior to any Borrower Report Date the Dissemination Agent has not received a copy of the Annual Financial Information, the Dissemination Agent shall contact the Borrower to give notice that the Dissemination Agent has not received the Annual Financial Information and that such information must be provided to the NRMSIRS and SID, if any, by the applicable Borrower Report Date.

(c) The Dissemination Agent shall:

(i) determine prior to the Borrower Report Date the name and address of each NRMSIR and each SID, if any; and

(ii) to the extent the Borrower has provided the Annual Financial Information to the Dissemination Agent and required such information be sent to each NRMSIR or SID, file a report with the Borrower certifying that the Annual Financial Information has been provided by the Dissemination Agent to each NRMSIR and SID, if any, pursuant to this Disclosure Agreement, stating the date it was provided and listing each then existing NRMSIR and the SID, if any, to which it was provided.

(d) If the Dissemination Agent does not receive the Annual Financial Information from the Borrower by the applicable Borrower Report Date, the Dissemination Agent shall, without further direction or instruction from the Borrower, provide to the Municipal Securities Rulemaking Board and to the SID, if any, notice of any such failure to provide to the Dissemination Agent Annual Financial Information by the applicable Report Date. For the purposes of determining whether information received from the Borrower is Annual Financial Information, the Dissemination Agent shall be entitled conclusively to rely on the written representation made by the Borrower pursuant to this Section.

Section 4. Reporting of Significant Events.

(a)(i) If a Material Event occurs while any Bonds are Outstanding, the Borrower shall provide a Material Event Notice in a timely manner to the Dissemination Agent and instruct the Dissemination Agent to provide such Material Event Notice in a timely manner to the Municipal Securities Rulemaking Board and to all Bondholders requesting such information, the Participating Underwriter, each then existing NRMSIR and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(ii) The Trustee shall promptly advise the Borrower of the occurrence of any event with respect to the Bonds of which the Trustee has actual knowledge which, if material, would constitute a Material Event. For purposes of this Disclosure Agreement, “actual knowledge” of such event shall mean knowledge by a Responsible Officer of the Trustee at the Corporate Trust

Office of the existence of such event. Notwithstanding anything to the contrary herein, the Trustee shall have no duty to determine the materiality of any such event.

(b) Whenever the Borrower obtains knowledge of the occurrence of an event which, if material, would constitute a Material Event, whether because of a notice from the Trustee pursuant to subsection (a) or otherwise, such Borrower shall as soon as reasonably possible determine if such event would constitute material information for Bondholders and is, therefore, a Material Event.

If the Borrower provides to the Dissemination Agent information relating to such Borrower or the Bonds, which information is not designated as a Material Event Notice, and directs the Dissemination Agent to provide such information to NRMSIRs, the Dissemination Agent shall provide such information in a timely manner to the NRMSIRs or the Municipal Securities Rulemaking Board, and to all Bondholders requesting such information, the Participating Underwriter and the SID, if any.

Section 5. Termination of Reporting Obligation. The Borrower's, the Dissemination Agent's and the Trustee's obligations under this Disclosure Agreement shall automatically terminate once the Bonds are no longer outstanding or, with respect to the Trustee or the Dissemination Agent, as appropriate, upon the resignation or removal of the Trustee or the Dissemination Agent.

Section 6. Dissemination Agent. The Borrower may with the written consent of the Issuer, from time to time, appoint or engage a substitute Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent, upon notice to the Dissemination Agent, with notice to and the consent of the Issuer. The Dissemination Agent may resign at any time by providing 30 days' written notice to the Borrower and the Issuer.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the Dissemination Agent and the Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived by the parties hereto except to the extent any such amendment or waiver affects the rights of the Issuer as provided in this Disclosure Agreement, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Borrower and the Trustee, to the effect that such amendment or waiver 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 that the Borrower shall have provided notice of such delivery and of the amendment to each then existing NRMSIR or the MSRB and the SID, if any, provided that neither the Trustee nor the Dissemination Agent shall be obligated to agree to any amendment that modifies the duties or liabilities of the Dissemination Agent or the Trustee without their respective consent thereto. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;

(ii) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of Beneficial Owners and Holders of any of the Bonds, as determined either by parties unaffiliated with the Borrower

(such as counsel expert in federal securities laws), or by an approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment. The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

Section 8. 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 Financial Information or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Financial Information or notice of occurrence of a Material 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 Financial Information or notice of occurrence of a Material Event.

Section 9. Default. In the event of a failure of the Borrower, the Dissemination Agent or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee, at the written direction of the Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee receives indemnification to its satisfaction, or any Beneficial Owner or Holder of any of the Bonds may, seek 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; provided that neither the Borrower nor the Dissemination Agent shall be liable for monetary damages or any other monetary penalty or payment for breach of any of its obligations under this Section. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the rights and remedies provided by the Indenture or the Loan Agreement upon the occurrence of an “Event of Default” shall not apply to any such failure. The sole remedy under this Disclosure Agreement in the event of any failure of the Borrower, the Dissemination Agent or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article XI of the Indenture is hereby made applicable to the Trustee and the Dissemination Agent under this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the benefits, protections and provisions thereof to the same extent as the Trustee. The Dissemination Agent (if other than the Trustee, or the Trustee in its capacity as Dissemination Agent) and the Trustee 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 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 Dissemination Agent’s or Trustee’s respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower for its services provided hereunder and all expenses, legal fees and advances made or incurred by the Dissemination Agent hereunder. The Dissemination Agent and Trustee shall have no duty or obligation to review any information provided to it by the Borrower and shall not be deemed to be acting in a fiduciary capacity for the Borrower, the Holders or Beneficial Owners of the Bonds or any other party. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent or Trustee and payment of the Bonds.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners and Holders of any Bonds and shall create no rights in any other person or entity except for those rights reserved to the Issuer.

Section 12. Interpretation. It being the intention of the Borrower that there be full and complete compliance with the Rule and that this Disclosure Agreement shall be construed in accordance with the written guidance and no action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of District of Columbia.

Section 14. Dissemination Agent's Compensation. For its services hereunder, the Dissemination Agent shall be paid a fee of \$500 per year, payable from the Revenue Fund established pursuant to the Indenture.

Section 15. 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.

CAPPER RESIDENTIAL I, L.P.
A District of Columbia Limited Partnership

By: Capper Residential I GP, LLC
A District of Columbia Limited Liability Company
Its General Partner

By: Capper Residential I FC & MCU, LLC
A District of Columbia Limited Liability
Company
A Manager

By: Mid City Urban, LLC
A Delaware Limited Liability Company
A Manager

By: _____
William M. Harvey
Executive Vice President

By: Forest City Capper/Carrollsborg, Inc.
A District of Columbia Corporation
A Manager

By: _____
Name: _____
Title: _____

Date Executed: May 30, 2008

[Trustee's Signature Page to Continuing Disclosure Agreement]

REGIONS BANK,
as Trustee

By: _____
Its: _____

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

REGIONS BANK, as Dissemination Agent

By: _____
Its: _____

**EXHIBIT 1
TO DISCLOSURE AGREEMENT**

ANNUAL DISCLOSURE REPORT

\$5,100,000

**District of Columbia Housing Finance Agency
Collateralized Multifamily Housing Revenue Bonds
(Arthur Capper ACC Townhomes Phase I Project), Series 2008**

Report For Period Ending _____

The Project

Name: _____

Address: _____

Deposit Balance of Escrow Fund: \$ _____

Deposit Balance of Project Fund: \$ _____