

In the opinion of Bryant Miller Olive P.C., Washington, D.C., Bond Counsel, assuming continuing compliance with certain covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds (as defined herein) is excluded from gross income for federal income tax purposes except that such exclusion shall not apply to interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed by the Bonds or a "related person," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Additionally, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Bonds.

\$16,695,000
District of Columbia Housing Finance Agency
Multifamily Housing Revenue Bonds
(Georgia Commons Project)
GNMA Collateralized Series 2009



Dated: Date of Delivery

Due: as shown on inside cover

The District of Columbia Housing Finance Agency (the "Issuer") has agreed to issue its Multifamily Housing Revenue Bonds (Georgia Commons Project) GNMA Collateralized Series 2009 (the "Bonds") in the aggregate principal amount of \$16,695,000. The Bonds are issuable only 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. The Bonds will bear interest from their date of delivery payable semiannually on March 20 and September 20 of each year, commencing September 20, 2009.

The Bonds are being issued by the Issuer pursuant to a Trust Indenture (the "Indenture"), dated as of June 1, 2009, between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of financing a portion of the acquisition, construction, development and equipping of a 130-unit multifamily rental housing development in the District of Columbia known as Georgia Commons (the "Project"). The financing will be accomplished through the funding of a mortgage loan (the "Mortgage Loan") made by Deutsche Bank Berkshire Mortgage, Inc., a Delaware corporation (the "Lender"), to 3910 Georgia Avenue Associates Limited Partnership 1-A, a District of Columbia limited partnership (the "Borrower"). The Mortgage Loan will be insured by the Federal Housing Administration ("FHA") under Section 220 of the National Housing Act of 1934, as amended, and applicable regulations thereunder, or other applicable authority as described herein. FHA has issued a commitment (the "Commitment") that will enable the Lender, upon compliance with the terms and conditions thereof, to make construction advances to the Borrower, evidenced by a nonrecourse deed of trust note (the "Mortgage Note"), secured by a first lien deed of trust (the "Mortgage") on the Project and to issue and deliver to the Trustee, with respect to the Mortgage Note only, a fully modified mortgage-backed security in respect of each advance (each, a "Construction Loan Certificate" or "CLC") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Upon compliance with certain terms and conditions of the Commitment relating to the completion of the Project, the Construction Loan Certificates are to be exchanged for a fully modified mortgage-backed security guaranteed as to timely payment of principal and interest by GNMA (the "Project Loan Certificate" or "PLC"). The Construction Loan Certificates and the Project Loan Certificate are also referred to herein collectively as the "GNMA Securities." See "SECURITY FOR THE BONDS" herein.

A detailed maturity schedule is set forth on the inside front cover.

The Bonds are subject to mandatory, special mandatory and optional redemption prior to maturity as described herein.

THE BONDS, THE PRINCIPAL OF, THE PREMIUM, IF ANY, 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 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, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, FHA OR ANY OTHER AGENCY THEREOF AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR GNMA. THE ISSUER HAS NO TAXING POWER.

The Bonds are offered when, as and if issued by the Issuer, subject to approval of their legality by Bryant Miller Olive P.C., Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsel, Greenstein DeLorme & Luchs, P.C., Washington, D.C., and Klein Hornig LLP, Washington, D.C.; for one of the general partners of the Borrower by its counsel, DLA Piper LLP (US), Chicago, Illinois, for the Issuer by its General Counsel, Harry T. Alexander, Jr., Esquire, for the Lender by its counsel, Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C. and for the Underwriters by its counsel, Eichner & Norris PLLC, 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 June 30, 2009.

MERRILL LYNCH**WELLS FARGO INSTITUTIONAL
SECURITIES, LLC**

Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

Dated: June 29, 2009

MATURITY SCHEDULE

\$1,120,000 Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
September 20, 2012	\$70,000	2.500%	100.000%	25477PJR7
March 20, 2013	65,000	2.875%	100.000%	25477PJS5
September 20, 2013	65,000	3.000%	100.000%	25477PJT3
March 20, 2014	70,000	3.375%	100.000%	25477PJU0
September 20, 2014	70,000	3.500%	100.000%	25477PJV8
March 20, 2015	70,000	3.625%	100.000%	25477PJW6
September 20, 2015	70,000	3.750%	100.000%	25477PJX4
March 20, 2016	75,000	3.875%	100.000%	25477PJY2
September 20, 2016	75,000	4.000%	100.000%	25477PJZ9
March 20, 2017	75,000	4.125%	100.000%	25477PKA2
September 20, 2017	80,000	4.250%	100.000%	25477PKB0
March 20, 2018	80,000	4.375%	100.000%	25477PKC8
September 20, 2018	85,000	4.500%	100.000%	25477PKD6
March 20, 2019	85,000	4.625%	100.000%	25477PKE4
September 20, 2019	85,000	4.625%	100.000%	25477PKF1

Term Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
September 20, 2024	\$1,005,000	5.000%	100%	25477PKG9
September 20, 2029	\$1,325,000	5.250%	100%	25477PKH7
September 20, 2034	\$1,765,000	5.500%	98.25%	25477PKJ3
September 20, 2039	\$2,355,000	5.625%	98.25%	25477PKK0
September 20, 2044	\$3,200,000	5.800%	98.25%	25477PKL8
March 20, 2051	\$5,925,000	5.875%	98.25%	25477PKM6

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 Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or 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 Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do 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 captions “THE ISSUER” and “LITIGATION” (as such information pertains to the Issuer).

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TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE ISSUER	2
THE PROJECT	8
THE PRIVATE PARTICIPANTS	10
PLAN OF FINANCING	13
THE BONDS	14
ESTIMATED SOURCES AND USES OF FUNDS	22
SECURITY FOR THE BONDS	22
THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM	23
THE MORTGAGE NOTE AND MORTGAGE	25
CERTAIN BONDHOLDERS' RISKS	26
SUMMARY OF CERTAIN PROVISIONS OF THE FHA REGULATORY AGREEMENT	30
TAX MATTERS	31
LEGAL MATTERS	33
LITIGATION	33
CONTINUING DISCLOSURE	33
RATINGS	34
UNDERWRITING	34
OTHER MATTERS	35
APPENDIX A — CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS	
APPENDIX B — FORM OF BOND COUNSEL OPINION	
APPENDIX C — FORM OF CONTINUING DISCLOSURE AGREEMENT	

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\$16,695,000
District of Columbia Housing Finance Agency
Multifamily Housing Revenue Bonds
(Georgia Commons Project)
GNMA Collateralized Series 2009

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 \$16,695,000 Multifamily Housing Revenue Bonds (Georgia Commons Project), GNMA Collateralized Series 2009 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the District of Columbia Housing Finance Agency Act (Chapter 27, Title 42 of the District of Columbia Code), as amended (the “Act”), Resolution No. 2009-01 adopted by the Issuer on May 18, 2009 (the “Resolution”) and the Trust Indenture (the “Indenture”), dated as of June 1, 2009, between the Issuer and U.S. Bank National Association (the “Trustee”).

The Bonds are being issued for the purpose of financing a portion of the acquisition, construction, development and equipping of a 130-unit multifamily rental housing development in the District of Columbia, within a mixed-use development, known as Georgia Commons (the “Project”) for the benefit of 3910 Georgia Avenue Associates Limited Partnership 1-A, a District of Columbia limited partnership (the “Borrower”). The commercial portion of the mixed-use development will not constitute any portion of the Project. The Project will be financed pursuant to the terms of the Indenture and a Loan Agreement, dated as of June 1, 2009 (the “Loan Agreement”), among the Issuer, the Borrower, the Trustee and Deutsche Bank Berkshire Mortgage, Inc., a Delaware corporation (the “Lender”).

The Loan Agreement provides that the financing will be accomplished through the making of a mortgage loan (the “Mortgage Loan”) by the Lender to the Borrower. The Mortgage Loan will be insured by the Federal Housing Administration (“FHA”) under Section 220 of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. FHA is a part of the United States Department of Housing and Urban Development (“HUD”). References to FHA and HUD are used interchangeably herein.

FHA has issued a commitment to the Lender with respect to the Project in the amount of \$16,695,000 (the “Commitment”) that will enable the Lender, upon compliance with the terms and conditions thereof, to make construction advances insured by FHA to the Borrower, evidenced by a deed of trust note in the amount of \$16,695,000 (the “Mortgage Note”) secured by a first lien deed of trust (the “Mortgage”) on the Project, and to issue and deliver to the Trustee, for purchase with the proceeds of the Bonds, a fully modified mortgage-backed security in respect of each such advance of the Mortgage Loan (each, a “Construction Loan Certificate” or “CLC”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), with respect to the Mortgage Note. Upon compliance with certain terms and conditions of the Commitment relating to the completion of the Project, the Construction Loan Certificates are to be exchanged for a fully modified mortgage-backed security guaranteed as to timely payment of principal and interest by GNMA (the “Project Loan Certificate” or “PLC”). The Construction Loan Certificates and the Project Loan Certificate issued with respect to advances of the Mortgage Loan only are also referred to herein collectively as the “GNMA Securities.”

The Mortgage Loan will be made, and the Mortgage and Mortgage Note executed upon satisfaction of certain requirements of the Issuer and the Lender and the issuance of the Mortgage Insurance, as evidenced by the endorsement of the Mortgage Note. The Trustee will acquire the GNMA Securities with respect to advances of the Mortgage Loan only as collateral for the Bonds.

The principal of, premium, if any, and interest on the Bonds are payable from payments on the GNMA Securities and from other security pledged under the Indenture, including the Bond Fund and the Acquisition Fund. Prior to purchase by the Trustee of the GNMA Securities, proceeds of the Bonds are to be held in the Acquisition Fund established under the Indenture. Amounts deposited in the Acquisition Fund and the Bond Fund are to be invested under an Investment Agreement (the "Investment Agreement"). The Investment Agreement represents the obligation of ING USA Annuity & Life Insurance Co., (the "Investment Agreement Provider") to provide repayment to the Trustee of moneys invested in the Investment Agreement pursuant to the Indenture at the rate of 1.34% per annum to June 15, 2012 in the case of the Acquisition Fund. See "CERTAIN BONDHOLDERS' RISKS."

The Borrower's operation of the Project will be subject to the terms of a Tax Regulatory Agreement, dated as of June 1, 2009 (the "Issuer Regulatory Agreement"), by and among the Borrower, the Issuer and the Trustee, which contains covenants required to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer Regulatory Agreement will require that for the Qualified Project Period (as defined therein), at least 40% of the dwelling units (119 are restricted units) in the Project be occupied by families or individuals whose income does not exceed 60% (adjusted for family size) of the median gross income for the area in which the Project is located.

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.

THE ISSUER

The Issuer

The Issuer is a body corporate 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 Resolution 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 body corporate 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, 1992, 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

Currently serving as Managing Director with Frasca and Associates, a leading independent financial advisor primarily to transportation clients, Michael L. Wheat has more than 22 years of experience in the area of public finance. Mr. Wheat has participated as issuer, lawyer, financial advisor and investment banker, in the issuance of over \$10 billion of bonds during his career. Before joining Frasca and Associates, Mr. Wheat's vast array of experience includes: 4 years as Managing Director in the Public Finance Department of Merrill Lynch & Co; 11 years as Director in the Public Finance Department of Citigroup Global Markets, Inc., a New York based investment bank, formerly named Salomon Smith Barney; and several years as a Vice President with Lazard Freres and Co., where he was responsible for a number 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. Wheat 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. Wheat received his Juris Doctorate degree from the University of Pennsylvania Law School in 1979 and his A.B. degree from Harvard University in 1976.

Vice Chairperson – Jacque D. Patterson

As Project Director with the Federal City Council, Mr. Jacque D. 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 in the District of Columbia Executive Office of the Mayor's Office of Community Affairs as the Community Affairs Coordinator.

Mr. Patterson's career in public service began when he was selected for the Capital City Fellows' 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 in the Office of Policy, Planning, and Program Evaluation for the DC Department of Health.

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

Member – Derek Ford

Mr. Derek Ford has more than 13 years of progressive financial experience with both private and government sector entities. Currently serving as Senior Auditor for the District of Columbia Office of the Inspector General, Mr. Ford performs financial statement audits, compliance, control and substantive testing; and examines internal control cycles and operational compliance of government agencies. During his career, and in addition to holding the position as an Auditor, Mr. Ford has held positions as an Accountant, Tax Associate, Consultant and Entrepreneur in areas related to real estate, transportation and commerce. Mr. Ford is also a Real Estate Agent with Senate Realty Company.

As a Ward 7 resident of the District of Columbia, he served as Campaign Treasurer for both the Committee to Elect, as well as the Committee to Re-elect, Ward 7 Councilwoman Yvette Alexander (D). Mr. Ford also serves as Treasurer for the Ward 7 Democrats.

Mr. Ford was a member of the US Army Reserve for 8 years and he received his Bachelor of Science degree from North Carolina A&T University in 1996.

Member – Buwa Binitie

Mr. Buwa Binitie has more than 7 years of experience in real estate development and advisory services. He is instrumental in assessing development opportunities, managing development teams, as well as planning and underwriting budgets for development projects. Mr. Binitie's development experience also extends to the creation and preservation of affordable housing. Currently, Mr Binitie is a principal of Dantes Partners where his work focuses on the financing and development of affordable housing and charter school facilities.

Previously, Mr. Binitie, on behalf of the District, administered and managed 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, 100% affordable 72 unit 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 at below market rates. Mr. Binitie also 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, he was primarily responsible for managing the strategic and logistic aspect of every 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’s Master in Real Estate Development Program.

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 of Directors 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

Ms. 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 its Deputy Executive Director. 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

Ms. 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.

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 the 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 6 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 3 years.

Chief Financial Officer -- Sergei V. Kuzmenchuk

Mr. Kuzmenchuk joined the Issuer as its Chief Financial Officer in October 2008. Mr. Kuzmenchuk has 10 years of housing finance agency experience. Most recently, he served as the Director of Finance and the Deputy Director of Finance for Community Development Administration (CDA), Maryland Department of Housing and Community Development. Mr. Kuzmenchuk led a team of financial analysts and accountants and managed a portfolio of more than \$3 billion of mortgage revenue bonds, mortgage loans and investments. Throughout his career, Mr. Kuzmenchuk has structured and managed tax-exempt/taxable bond transactions, including variable rate debt structures with swaps. Prior to his work at CDA, Mr. Kuzmenchuk worked in various financial management and international trade and banking capacities, domestically and overseas. Mr. Kuzmenchuk earned his M.B.A in Accounting from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola College in Maryland in 2002. He was granted a M.P.M. degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park, in 1995. Mr. Kuzmenchuk received his B.A. and M.A. degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus in 1993.

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 5-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, D.C. Originally from Cleveland, Ohio, Mr. Jefferson attended Howard University and currently serves as the Director of Compliance and Asset Management for the Issuer, where he provides Asset Management to over 80 Issuer financed projects.

Mr. Jefferson has served the public sector as the Executive Director of Rockville Housing Enterprises where he oversaw the development of a 60-unit homeownership community. He served as the Deputy Executive Director of the Housing Authority of the City of Annapolis, a mid-sized Housing Authority, where he managed operations. 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 a Vice President for A&R Management Inc. in Baltimore, MD where he oversaw operations of an over 3,000 unit mixed portfolio. He gained a strong background in asset management as a 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, Mr. Jefferson has been traveling the country speaking on LIHTC development and inclusionary zoning.

THE PROJECT

The Project will be the multifamily residential rental housing portion of a newly constructed mixed-use development to be known as Georgia Commons ("Georgia Commons"), built on 0.69 acres in northwest Washington, D.C., located at 3910 & 3912 Georgia Avenue, NW, Washington, DC 20011. There was a two-story brick commercial building on the project site that was recently demolished by the Borrower. Georgia Commons will be comprised of one seven-story (including a mezzanine level) mixed use, mixed income building that will include a residential component as well as a commercial component. The residential component will consist of 130 rental apartments (11 market rate and 119 affordable) that will be situated on floors 2 through 6 of the building. In addition, a community room, exercise facility and public restroom will be located on the roof/mezzanine level. A health clinic and the lobby area for the residential component will be located on the first level. The health clinic will be developed by an entity affiliated with the developers of the Project and, once completed, will be separately owned and operated by an unrelated entity. The health clinic and Project will share certain easement rights and

maintenance costs for parking and other common areas and facilities. There will be a total of 76 underground parking spaces reserved for tenants of the residential portion, while 44 parking spaces will be utilized for the clinic.

After construction, the unit mix for the Project will consist of the following:

Unit Type	No. Units	Income	Approx. Size (ft²)
0BR	*5	30%	401
	2	50%	403
	18	60%	431
0BR/Loft	5	Market – Loft	560
1BR/1BA	*6	30%	536
	2	50%	555
	53	60%	615
1BR/Loft	4	Market – Loft	790
2BR/2BA	*2	30%	810
	2	50%	810
	25	60%	896
2BR/Loft	1	Market – Loft	1,119
3BR/2BA	*1	30%	1,030
	3	60%	1,030
3BR/Loft	1	Market – Loft	1,374
Market Rate Units:	11		
Affordable Units:	<u>119</u>		
TOTAL UNITS	130		

*14 of the 60% LIHTC rent restricted units will also be targeted for Section 8 voucher residents who are at the 30% AMI level pursuant to a Declaration of Covenants with the District of Columbia (the “DC Declaration”). The DC Declaration and related documents from the District of Columbia as the seller contain additional restrictions on the Project and rights of the District of Columbia in the event the Project fails to adhere to such restrictions. There are no age restrictions.

Unit amenities include: large windows in each bedroom and living/dining room, full kitchen (without eat-in area), combined living/dining room, large walk in closets, individual stacked washer/dryer units, cable access, dishwasher and disposal in kitchen, and energy efficient appliances and light fixtures. Some units have balconies. Rents include gas for hot water, cold water, sewer and trash collection. The residents pay for electricity, which provides for heat, air conditioning, cooking and plug-ins.

The developers of the Project are proposing a green (environmentally friendly) building with energy efficient appliances, light fixtures, HVAC system, low VOC paints and adhesives, an energy efficient building envelope and windows and a vegetated green roof. The project is part of a demonstration program for the new LEED ND (neighborhood development) Certification which encourages transit oriented mixed use /mixed income projects.

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 Issuer Regulatory Agreement. Under the Issuer 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 (119 of the units are restricted) 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 determined separately for each parcel comprising the Project, 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 construction 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 A - SUMMARY OF THE ISSUER REGULATORY AGREEMENT.”

The Project will also be encumbered by use restrictions required by Section 42 of the Code relating to tax credits, which will restrict the income levels of 119 units in the Project (the “Tax Credit Units”) pursuant to an Indenture of Restrictive Covenants. 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. See “APPENDIX A – SUMMARY OF INDENTURE OF RESTRICTIVE COVENANTS.”

Additional restrictions on rent and occupancy are imposed on the Project pursuant to the FHA Regulatory Agreement.

THE PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriters or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is 3910 Georgia Avenue Associates Limited Partnership 1-A, a District of Columbia limited partnership (the “Borrower”), formed in 2006 for the specific purpose of developing and owning the Project. AHD Development LLC, a District of Columbia limited liability company (“AHD Development”), JLC 3910 Georgia Avenue, LLC, a District of Columbia limited liability company (“JLC 3910”) and SCG Georgia Commons, LLC (“SCG”), referred to collectively as the “General Partners”, will collectively own a 0.01% interest in the Borrower.

Simultaneously with the issuance of the Bonds, the Borrower is expected to sell a 99.99% limited partnership interest in the Borrower to Georgia Commons Investors Limited Partnership, an Illinois limited partnership and affiliate of Stratford Capital Group, LLC (the “Tax Credit Limited Partner”). The Tax Credit Limited Partner is expected to fund the tax credit equity, which is expected to be approximately \$7,000,000, in stages during construction and through lease-up. The total amount to be funded and the timing of the fundings 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 projections set forth below under the heading “SOURCES AND USES OF FUNDS” herein, and neither the Issuer nor the Underwriters make any representations as to the availability of such funds.

The Tax Credit Limited Partner specializes in multifamily rental properties. It was formed 3 years ago. The principals of the Tax Credit Limited Partner have, over the last 12 years, through various entities, raised private equity for 120 multifamily rental apartment properties totaling approximately 13,800 apartment units in 22 states with a capitalized value in excess of \$1 billion.

The Developers

AHD, Inc., a Maryland corporation, (“AHD”), based in Bethesda, Maryland, and JLC Development, LLC (“JLC”), an affiliate of Jair Lynch Companies, are the developers of the Project. AHD specialized in the development of affordable housing for middle, moderate and lower income households and has been active in the Washington, D.C. area since 1989. AHD has developed more than 4,000 mixed income affordable housing units for family or elderly tenants. AHD has many years of experience developing both new construction and substantial rehabilitation properties under the FHA insurance programs and working together closely with state and local governments who provide the necessary additional secondary loans and grants for the projects.

JLC is a full service real estate development company based in Washington, D.C. that is currently developing over 700 units of housing and 600,000 square feet of institutional and commercial projects. JLC provides planning services for over \$1.0 billion of potential development activity. The company interfaces with neighborhoods either as an investor-developer or development manager, servicing projects of varying types such as housing, offices, sports complexes and educational facilities. JLC has over \$50 million of current and future projects in the Shaw and Columbia Heights neighborhoods of Washington, D.C.

The Borrower has no assets other than the Project and does not intend to acquire any other assets or to engage in any business activities other than those related to the ownership of the Project.

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

The Contractor

Meridian Construction Co., Inc., a Maryland corporation (the “Contractor”), will serve as the general contractor for the construction of the Project. The Contractor has experience in a wide variety of building types, including schools, shopping complexes, office buildings and medical centers. They have completed one multifamily project in Maryland. Mr. Gerry Nowak, president of the Contractor, is responsible for the daily activities of the company and has over 25 years of experience in construction services. He has completed over \$175 million in office, retail and hospital constructions.

The Architect

The design architect for the Project is EDG Architects, LLC (the “Architect”). The Architect provides architectural and engineering services to both private and public sector clients in Virginia, Maryland and the District of Columbia. The principals of the Architect, which include a principal of AHD, have a combined total of more than 70 years of experience in all aspects of architectural design and construction administration, with a primary focus on multifamily affordable housing.

The Property Manager

A property management joint venture between AHD Management, Inc., an affiliate of AHD, and Equity Management II LLC (collectively, the “Manager”) will manage the Project. Equity Management II LLC is headquartered in Laurel, Maryland and manages over 10,000 apartment units throughout the Mid-Atlantic States, including numerous properties benefiting from low income housing tax credits and/or financed with tax-exempt bonds. The Manager currently manages more than 3,000 affordable units in the Washington, D.C. area.

The Trustee

U.S. Bank National Association, will serve as Trustee under the Indenture. The Trustee is a national banking association and authorized to exercise corporate trust powers in the District.

The Lender

Deutsche Bank Berkshire Mortgage, Inc., a Delaware corporation (the “Lender”) will make the Mortgage Loan to the Borrower and issue the GNMA Securities for purchase by the Trustee. The Lender is a mortgage banking firm specializing in FHA-insured construction and permanent mortgage loans on multifamily apartment projects and healthcare facilities. The Lender is an FHA-approved mortgagee and a GNMA issuer in good standing.

The GNMA Securities will not constitute a liability of nor evidence any recourse against the Lender. The GNMA Securities are based on and backed by the Mortgage on the real property securing the Mortgage Note. Recourse may be had by the Trustee only to GNMA in the event of any failure of timely payment as provided for in the GNMA Guaranty Agreement with respect to the GNMA Securities.

To be approved by GNMA to issue modified pass-through securities with respect to long-term mortgages on multifamily project, a GNMA issuer is required to meet certain minimum net worth requirements.

The Lender makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of the Project or compliance with any securities, tax or other laws or regulations. The Lender's role is limited to underwriting and servicing the Loan in accordance with applicable HUD and GNMA requirements.

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PLAN OF FINANCING

The following table sets forth the estimated sources and uses of funds in connection with the Project financing:

Estimated Sources of Funds

Bond Principal Amount	\$16,695,000
Original Issue Discount	(231,788)
Tax Credit Equity	7,015,000
Deferred Developer Fee	1,935,788
DHCD Loan	3,755,000
Seller Note	1,600,000
Return of Neg Arb Deposit	645,000
Return of WC and Guarantee Escrow	<u>1,150,000</u>
Total	<u>\$32,564,000</u>

Estimated Uses of Funds

Acquisition of Land & Buildings	\$1,926,000
Construction Costs	19,464,100
Soft Costs (including 3 rd Party Reports, Insurance & Taxes)	2,191,700
Bond Issuance Costs	1,149,500
Capitalized Interest	1,121,900
FHA / Financing Fees	496,300
Developer Fee	3,073,800
Negative Arbitrage	1,431,800
Required Reserves	1,613,900
Payment Lag Fund	<u>95,000</u>
Total	<u>\$32,564,000</u>

The DCHD Loan

The Borrower has received a subordinate loan (the “DHCD Loan”) from District of Columbia Department of Housing and Community Development (“DHCD”). The DHCD Loan will be in the aggregate principal amount of \$3,755,000, including an original loan in the principal amount of \$2,805,000, which will bear interest at three percent (3%) per annum, and a modification to such original loan in the additional principal amount of \$950,000, which will bear interest at one percent (1%) per annum. The DHCD Loan will amortize over a term of approximately forty (40) years, commencing three (3) years after the closing on the DHCD Loan and will be secured by a Subordinate Deed of Trust from Borrower to the DHCD securing certain obligations of the Borrower (the “First Subordinate Mortgage”) and by a Declaration of Covenants and Rent Regulatory Agreement (“DHCD Covenants”). Repayment of the principal of and interest on the DHCD Loan will be limited to Surplus Cash (as defined in the FHA Regulatory Agreement). The First Subordinate Mortgage will be subordinate to the Mortgage Loan and related deed of trust.

The Seller Note

The District of Columbia, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“DMPED”), shall provide seller take back financing (the “Seller Note”) in the approximate aggregate principal amount of \$1,516,000, will bear interest at 1% per annum and will amortize over a term of approximately forty (40) years, commencing three (3) years after the closing on

the DHCD Loan and will be secured by a Subordinate Deed of Trust from Borrower to DMPED securing certain obligations of the Borrower under the Loan Agreement (the “Second Subordinate Mortgage”) and by a Declaration of Covenants and Rent Regulatory Agreement (“DMPED Covenants”). Repayment of the principal of and interest on the DMPED Loan will be limited to certain available Surplus Cash (as defined in the FHA Regulatory Agreement). The Second Subordinate Mortgage will be subordinate to the Mortgage Loan and the DHCD Loan and the respective deeds of trust.

THE BONDS

General

The Bonds will be dated their date of authentication and delivery and will bear interest from their dated date at the rates per annum, and mature in the principal amounts, as set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on September 20, 2009 and semiannually thereafter on March 20 and September 20 of each year until maturity or prior redemption. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months. If the date of payment of principal of, premium, if any, and interest on the Bonds shall not be a Business Day, then such payment shall 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 be issued in book-entry form only in Authorized Denominations 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”).

Book-Entry Only System

The information in this section concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry System has been obtained from DTC. Neither the Issuer nor the Borrower makes any representation or warranty or takes any responsibility for the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, 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 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to

whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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.

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

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

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

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

Mandatory Sinking Fund Redemption

The Bonds are subject to mandatory sinking fund redemption on the respective Interest Payment Dates set forth in the schedules below, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts, subject to pro rata reduction of such mandatory sinking fund redemption payments to the extent that such Bonds are redeemed prior to maturity otherwise than pursuant to such mandatory sinking fund redemption schedules set forth below:

\$1,005,000 BONDS DUE SEPTEMBER 20, 2024

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2020	\$90,000	September 20, 2022	\$100,000
September 20, 2020	90,000	March 20, 2023	105,000
March 20, 2021	95,000	September 20, 2023	105,000
September 20, 2021	95,000	March 20, 2024	110,000
March 20, 2022	100,000	September 20, 2024 [†]	115,000

[†]Final Maturity.

\$1,325,000 BONDS DUE SEPTEMBER 20, 2029

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2025	\$115,000	September 20, 2027	\$135,000
September 20, 2025	120,000	March 20, 2028	140,000
March 20, 2026	125,000	September 20, 2028	140,000
September 20, 2026	125,000	March 20, 2029	145,000
March 20, 2027	130,000	September 20, 2029 [†]	150,000

[†]Final Maturity.

\$1,765,000 BONDS DUE SEPTEMBER 20, 2034

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2030	\$155,000	September 20, 2032	\$175,000
September 20, 2030	160,000	March 20, 2033	185,000
March 20, 2031	165,000	September 20, 2033	190,000
September 20, 2031	165,000	March 20, 2034	195,000
March 20, 2032	175,000	September 20, 2034 [†]	200,000

[†]Final Maturity.

\$2,355,000 BONDS DUE SEPTEMBER 20, 2039

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2035	\$205,000	September 20, 2037	\$235,000
September 20, 2035	210,000	March 20, 2038	245,000
March 20, 2036	220,000	September 20, 2038	255,000
September 20, 2036	225,000	March 20, 2039	260,000
March 20, 2037	230,000	September 20, 2039 [†]	270,000

[†]Final Maturity.

\$3,200,000 BONDS DUE SEPTEMBER 20, 2044

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2040	\$275,000	September 20, 2042	\$325,000
September 20, 2040	285,000	March 20, 2043	335,000
March 20, 2041	295,000	September 20, 2043	345,000
September 20, 2041	305,000	March 20, 2044	355,000
March 20, 2042	315,000	September 20, 2044 [†]	365,000

[†]Final Maturity.

\$5,925,000 BONDS DUE MARCH 20, 2051

Redemption Date	Principal Amount	Redemption Date	Principal Amount
March 20, 2045	\$375,000	September 20, 2048	\$465,000
September 20, 2045	390,000	March 20, 2049	480,000
March 20, 2046	400,000	September 20, 2049	495,000
September 20, 2046	415,000	March 20, 2050	510,000
March 20, 2047	425,000	September 20, 2050	525,000
September 20, 2047	440,000	March 20, 2051 [†]	550,000
March 20, 2048	455,000		

[†]Final Maturity.

Optional Redemption of Bonds

The Bonds are subject to optional redemption on the earliest practicable date on or after September 20, 2019, in whole or in part, at the option of the Issuer, or by the Issuer at the request of the Borrower in the case of optional redemption from payments on the GNMA Securities representing voluntary prepayments on the Mortgage Loan, or otherwise exercised by written notice to the Trustee during the periods (both dates inclusive) in any event from Eligible Funds, at the respective redemption prices (expressed as percentages of the principal amount of the Bonds or portions thereof to be redeemed) set forth below, plus in each case accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Price
September 20, 2019 through September 19, 2020	102%
September 20, 2020 through September 19, 2021	101%
September 20, 2021 and thereafter	100%

In the event of an optional redemption of the Bonds on a date on which the redemption price includes a redemption premium, the Bonds shall not be redeemed unless the Trustee shall have Eligible Funds in its possession in an amount equal to the redemption premium due on the Bonds. Notwithstanding any other provision to the contrary, the Borrower shall have no obligation with respect to any costs, including without limitation, any prepayment premium, relating to or arising out of any optional redemption by the Issuer without the request of the Borrower or purchase in lieu of redemption by the Issuer without the request of the Borrower, pursuant to the Indenture, and there shall be no change to the Mortgage Loan or its terms with respect to any such Issuer optional redemption or purchase in lieu of redemption.

Special Mandatory Redemption of Bonds

The Bonds are subject to redemption prior to maturity on the earliest practical date for which notice of redemption can be given by the Trustee pursuant to the Indenture, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, provided in each case that the Lender shall notify the Trustee of the unscheduled principal to be passed through to the Trustee contemporaneously with the prepayment on the GNMA Securities as follows:

(a) If the Project Loan Certificate is not delivered to the Trustee on or before the PLC Delivery Date (or such later date as may be permitted by the Indenture), (i) in part, within 15 days following such date from and to the extent any amounts are on deposit in the Acquisition Fund, and (ii) then, in whole, the balance upon receipt of maturing principal of any CLC's held by the Trustee (unless the PLC is delivered prior to the CLC Maturity Date).

(b) In part, on the earliest practicable date after delivery of the Project Loan Certificate to the Trustee to the extent the Project Loan Certificate, as delivered, is in a principal amount less than the principal amount of the Bonds then outstanding, from amounts on deposit in the Acquisition Fund, provided, however, that to the extent of any reduction in the Project Loan Certificate amount due to commencement of amortization of the Mortgage Note, such redemption shall be made pursuant to the mandatory sinking fund provisions described above under the heading "THE BONDS – Mandatory Sinking Fund Redemption."

(c) In whole or in part, on the earliest practicable date to the extent that the Trustee receives payments on the GNMA Securities in excess of regularly scheduled payments of principal thereof and interest thereon (other than payments representing optional prepayments on the Mortgage Loan) including (but not limited to) payments representing:

(i) casualty insurance proceeds, condemnation awards or other amounts applied to the prepayment of the Mortgage Loan following a partial or total destruction or condemnation of the Project;

(ii) mortgage insurance proceeds or other amounts received with respect to the Mortgage Loan following the occurrence of an event of default under the Mortgage Loan;

(iii) a mandatory prepayment of the Mortgage Loan required by the applicable rules, regulations, policies and procedures of FHA or GNMA (including the possible exercise by HUD of its right to override the prepayment and premium provisions of the Mortgage Note under certain circumstances following an event of default under the Mortgage Note); and

(iv) a prepayment on a GNMA Security derived from prepayments on the Mortgage Loan made by the Borrower without notice or prepayment penalty while the Borrower is under the supervision of a trustee in bankruptcy.

(d) In whole, if the Initial CLC is not delivered to the Trustee by the Initial CLC Delivery Date (or as such later date as shall be permitted by the Indenture), within 15 days following such date, from amounts on deposit in the Acquisition Fund and the Bond Fund, such redemption to take place on August 15, 2009.

Redemption Provisions Relating to Special Mandatory Redemptions

If less than all the Outstanding Bonds shall be called for special mandatory redemption, an amount of Bonds of each maturity shall be redeemed (and the scheduled sinking fund redemptions described under the subheading “Mandatory Sinking Fund Redemption” above shall be reduced) in an amount such that the resulting decrease in debt service on the Bonds for the six-month period ending on each Interest Payment Date is proportional, as nearly as practicable, to the decrease in the payments on the GNMA Securities in each such six-month period. The certificate of the Lender shall set forth the revised amortization schedule for the Mortgage Loan, if any.

Notice of Redemption

Notice of redemption shall be mailed, first-class postage prepaid, by the Trustee not less than 20 days nor more than 30 days prior to the redemption date (except that in the event such Bonds are subject to special mandatory redemption upon the occurrence of any of the events referred to under the subtitle “Special Mandatory Redemption of Bonds” above, the Trustee shall give the maximum notice possible, which may be no notice but in no event more than 30 days’ notice), to the respective holders of any Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the registry books and to at least two Information Services identified in the Indenture, but failure by the Trustee to give such notice pursuant to the Indenture shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption pursuant to the Indenture to any one or more of the respective holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Bondholder or Bondholders to whom such notice was mailed.

Notwithstanding any other provision of the Indenture, in the event of a redemption pursuant to the subheading “Special Mandatory Redemption” above, the Trustee will give notice of redemption on the PLC Delivery Date or the Initial CLC Delivery Date, as applicable, provided further that in the event of a redemption by reason of the Trustee receiving payments on the GNMA Securities in excess of regularly scheduled payments representing (1) voluntary prepayments on the GNMA Securities, (2) prepayments on the Mortgage Loan without notice or prepayment penalty as described in the paragraph (c)(i) through (iv) under the subtitle “Special Mandatory Redemption of Bonds” herein or (3) principal of the Construction Loan Certificates as described in paragraph (a) under the subtitle “Special Mandatory Redemption of Bonds” herein, the Trustee shall give notice of redemption of Bonds immediately upon receipt of notice of prepayment of the Mortgage Loan or the principal payment of the Construction Loan Certificates with the redemption taking place as soon as practicable thereafter. Such notice of redemption will not be required if the circumstances do not permit the Trustee to give such notice in accordance with the preceding sentence, provided that the Trustee will give such notice as soon as practicable.

Notice of redemption having been given in the manner provided above, and money sufficient for the redemption being held by the Trustee for that purpose, the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. The holders of the Bonds so called for redemption shall thereafter no longer have any security or benefit under the Indenture except to receive payment of the redemption price for such Bonds from such money on deposit with the Trustee.

Purchase in Lieu of Optional Redemption

On any date upon which the Bonds are subject to and have been called for optional redemption under the Indenture, the Issuer or the Borrower, with the prior written consent of the Issuer, which consent will not be unreasonably withheld, may, at their respective options, purchase or cause to be purchased the Bonds subject to redemption on such date (the “Purchase Date”) at a purchase price equal

to the redemption price thereof (the “Purchase Price”), in lieu of such redemption. To exercise such option, the Issuer on its behalf or, at the request of the Borrower, on behalf of the Borrower shall deliver written notice thereof to the Trustee, no later than 12:00 Noon, Eastern time, two business days prior to the Purchase Date, together with a Favorable Tax Opinion, and the Borrower or the Issuer, as applicable, shall transfer or cause to be transferred to the Trustee the moneys required to purchase the Bonds no later than 12:00 Noon, Eastern time, two days prior to the Purchase Date.

No notice to the Bondholders shall be required of the exercise by the Issuer on its behalf or, at the request of the Borrower, on behalf of the Borrower, of the option to purchase Bonds pursuant to the Indenture. The Bondholders shall not have the right to receive any other notice with respect to such purchase. No Bondholder shall have the right to elect to retain Bonds in the event of a purchase in lieu of redemption. All Bonds shall be deemed to have been purchased on the Purchase Date provided funds sufficient to purchase the Bonds on the Purchase Date have been deposited with the Trustee, and from and after such Purchase Date interest shall cease to accrue on such Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such Bonds except to receive payment of the Purchase Price thereof, premium, if any, and accrued interest to the Purchase Date. Notwithstanding such purchase, the Bonds shall remain Outstanding for all purposes under the Indenture. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the Bonds. The Issuer’s notice may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Issuer’s notice may be given in conjunction with a notice of redemption given pursuant to the Indenture, in which case it shall so state and shall provide that a withdrawal of the purchase notices will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds and other sources, as set forth in the Indenture are to be derived and applied approximately as follows:

Sources of Funds	
Bond Proceeds	\$16,463,213
DHCD Loan ¹	<u>1,526,787</u>
Total	<u>\$17,990,000</u>
Uses of Funds	
Deposit to Acquisition Fund	\$16,695,000
Negative Arbitrage	<u>1,295,000</u>
Total	<u>\$17,990,000</u>

¹Only represents a portion of the total expected DHCD Loan.

SECURITY FOR THE BONDS

General

The Bonds will be secured under the Indenture by (a) all right, title and interest of the Issuer in and to all Revenues, 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 for the account of the Issuer arising out of or on account of the Trust Estate (defined below); (b) all right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement, exclusive of the Reserved Rights of the Issuer; (c) all right, title and interest of the Issuer in and to the GNMA Securities, including all payments with respect thereto and any interest, profits or other income derived from the investment thereof; (d) all funds, including the investments therein, held by the Trustee pursuant to the terms of the Indenture (other than amounts in the Rebate Fund); and (e) 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 a writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee. Such assets are referred to herein as the "Trust Estate."

Amounts deposited in the Acquisition Fund and the Bond Fund are to be invested pursuant to the Investment Agreement. See "APPENDIX A - SUMMARY OF THE INDENTURE—Investment of Funds" herein.

Limited Obligations of the Issuer

THE BONDS, THE PRINCIPAL OF, THE PREMIUM, IF ANY, AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND ASSETS OF THE ISSUER PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE 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

PLEGGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, HUD, FHA OR ANY OTHER AGENCY THEREOF AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR GNMA. THE ISSUER HAS NO TAXING POWER.

THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM

The summary and explanation of the GNMA Mortgage-Backed Securities Program and the other documents referred to herein do not purport to be complete, and reference is made to the Ginnie Mae Mortgage-Backed Securities Guide (GNMA Handbook 5500.3), and to such documents for full and complete statements of their provisions.

GNMA is a non-stock corporate instrumentality of the United States within HUD, with its principal office in Washington, D.C.

The GNMA Securities will be “fully modified pass-through” mortgage-backed securities issued and serviced by the Lender. The face amount of the GNMA Securities will be in the same amount as the outstanding principal balance of the Mortgage Note. The Lender will be required to pass through to the Trustee, as the holder of each GNMA Security, by the 15th day of each month the monthly scheduled installments of principal of and interest on the Mortgage Note (less the GNMA guarantee fee, the Issuer’s Fee and the Lender’s servicing fee), whether or not the Lender receives such payment from the Borrower, plus any unscheduled prepayments of principal of the Mortgage Note received by the Lender. GNMA guarantees the timely payment of the principal of and interest on the GNMA Securities.

Two types of GNMA Securities are intended to be issued by the Lender in connection with the financing of the Project: (i) Construction Loan Certificates which are to be issued with respect to each insured construction loan advance under the Mortgage Loan, and (ii) the Project Loan Certificate which is to be issued with respect to the permanent Mortgage Loan with payment provisions which correspond to the monthly scheduled installments of principal of and interest on the Mortgage Note. Construction Loan Certificates are expected to be dated not later than the first day of the month following the month in which an insured construction advance is made under the Mortgage Loan and to provide that accrued interest for 30 days is payable by the Lender to the Trustee as holder of the Construction Loan Certificates commencing 45 days after the dated date and continuing on the 15th day of each successive month thereafter until maturity of the Construction Loan Certificates.

GNMA Guaranty

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “National Housing Act”), to guarantee the timely payment of the principal of, and interest on, securities which are based on and backed by mortgage pools consisting of a single mortgage insured by the FHA pursuant to Section 220 of the National Housing Act. Section 306(g) of the National Housing Act further provides that “[t]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 12, 1969, of the then Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of the National Housing Act of mortgage-backed securities of the type being delivered to the Trustee on behalf of the Issuer are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

Pursuant to such authority, GNMA, upon delivery of a GNMA Security to the Lender in accordance with the GNMA Guaranty Agreement (as hereinafter defined), will have guaranteed the timely payment of the principal of and interest on such GNMA Security.

GNMA Borrowing Authority

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

GNMA warrants to the holder of the GNMA Securities in the GNMA Guaranty Agreement that, in the event it is called upon at any time to make good its guaranty of the payment of principal of and interest on the GNMA Securities, it will, if necessary, in accordance with Section 306(d) of the National Housing Act, apply to the Treasury for a loan or loans in amounts sufficient to make payments of principal of and interest on the GNMA Securities.

Servicing of the Mortgage Loan

The Lender is responsible for servicing and otherwise administering the Mortgage Loan in accordance with applicable HUD and GNMA requirements.

The monthly remuneration of the Lender, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of the GNMA Securities outstanding. The total of the servicing and guaranty fees with respect to the GNMA Securities is 0.25% per annum, payable monthly, calculated on the principal balance of the GNMA Securities outstanding on the last day of the month preceding such date of calculation. Of the 0.25% total fee, part is paid to GNMA as a guaranty fee, and the remainder is retained by the Lender as a servicing fee. The GNMA Securities carry interest rates that are 0.25% per annum less than the interest rate on the Mortgage Note because the servicing and guaranty fee is deducted from payments on the Mortgage Note.

It is expected that interest and principal payments on the Mortgage Note will be the source of money for payments on the GNMA Securities. If such payments are less than what is due, the Lender must advance its own funds to ensure timely payment of scheduled installments of principal of and interest due on the GNMA Securities. GNMA guarantees such timely payment in the event of the failure of the Lender to pass through such scheduled principal and interest payments when due.

The Lender is required to advise GNMA in advance of any impending default on scheduled payments on the GNMA Securities so that GNMA as guarantor will be able to continue such payments as scheduled on the 15th day of each month. If, however, such payments are not received as scheduled, the Trustee, on behalf of the Issuer, has recourse directly to GNMA.

The standard guaranty agreement between GNMA and the Lender with respect to the GNMA Securities (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Lender, including (i) a request to GNMA to make an advance of funds in order to make pass-through payments to the holder of the GNMA Securities, (ii) insolvency of the Lender, or (iii) default by the Lender under any other guaranty agreement with GNMA, GNMA will have the right, by notice to the Lender, to effect and

complete the extinguishment of the Lender's interest in the Mortgage Note, and the Mortgage Note will thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Securities. In such event, the GNMA Guaranty Agreement will provide that on and after the time GNMA directs such a letter of extinguishment to the Lender, GNMA will succeed to all the rights and benefits of the Lender in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties and liabilities (except the Lender's indemnification of GNMA), theretofore placed on the Lender by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time, GNMA may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities theretofore placed on the Lender, and provided that, no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Securities or otherwise adversely affect the rights of the holders thereof.

Payment of Principal and Interest on the GNMA Securities

Payment of interest on a GNMA Security is required to be made in monthly installments on or before the 15th day of each month commencing the month next following the date of issue of such GNMA Security, subject to prepayment or acceleration of the Mortgage Note. Upon the issuance of the Project Loan Certificate and the commencement of the payment of principal thereon, the Project Loan Certificate will be payable in monthly installments of principal and interest, subject to prepayment due to prepayment, assignment for insurance benefits or acceleration of the Mortgage Note. Each installment on the Project Loan Certificate is applied first to interest and then in reduction of the principal balance then outstanding on the Project Loan Certificate. The amount of principal due on the Project Loan Certificate is the scheduled principal amortization currently due on the Mortgage Note.

The monthly installments are subject to adjustment by reason of any prepayments or other early or unscheduled recoveries of principal on the Mortgage Note. The Lender is required to pay to the Trustee, as holder of the GNMA Securities, monthly installments of not less than the interest due on the GNMA Securities at the rate specified on the GNMA Securities, together with any scheduled installments of principal, whether or not collected from the Borrower, and any prepayments or early recoveries of principal.

Liability of Lender

The GNMA Securities will not constitute a liability of nor evidence any recourse against the Lender. The GNMA Securities are based on and backed by the Mortgage on the real property securing the Mortgage Note. Recourse may be had by the Trustee only to GNMA in the event of any failure of timely payment as provided for in the GNMA Guaranty Agreement with respect to the GNMA Securities.

THE MORTGAGE NOTE AND MORTGAGE

The following is a brief summary of certain provisions of the Mortgage Note and the Mortgage. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Mortgage Note and the Mortgage, copies of which are on file with the Lender.

The Mortgage from the Borrower to the Lender secures the Mortgage Note. The Mortgage Loan proceeds will be disbursed by the Lender pursuant to the terms of the Building Loan Agreement and applicable HUD requirements, and the Lender will be reimbursed for such advances upon the purchase of

the Construction Loan Certificates and the Project Loan Certificate by the Trustee or upon such other conditions as are set forth in the Loan Agreement. Upon the purchase of the Project Loan Certificate from the Lender by the Trustee, on behalf of the Issuer, and commencement of amortization on the Mortgage Note, monthly scheduled installments of principal and interest on the Mortgage Note (less the GNMA guaranty fee, the Issuer's annual fee and the Lender's servicing fee) will be passed through to the Trustee as scheduled payments of principal and interest on the GNMA Securities.

The Mortgage Loan, as evidenced by the Mortgage Note and Mortgage, (i) is expected to be originated on the closing date; (ii) is to be insured by FHA pursuant to and in accordance with the provisions of Section 220 of the National Housing Act and applicable regulations thereunder, as evidenced by the endorsement by FHA of the Mortgage Note evidencing the Mortgage Loan; (iii) is expected to be in the original principal amount (the "Anticipated Mortgage Amount") of \$16,695,000 subject to reduction upon final endorsement of the Mortgage Note for FHA insurance; (iv) is to bear interest at the rate of 6.15% per annum; (v) is to have a final maturity of March 1, 2051; (vi) is to be payable as to interest only prior to April 1, 2011 (unless such date is extended pursuant to the Indenture), and commencing on such date, in monthly installments of principal and interest; (vii) will be secured on a nonrecourse basis; and (viii) is not subject to optional prepayment prior to August 1, 2019, without the consent of the holder of the Mortgage Note except that (A) the Mortgage Note is subject to mandatory prepayment in whole or in part at any time without premium or penalty, from the proceeds of any casualty insurance or condemnation awards received following a partial or total destruction or condemnation of the Project, in the event and to the extent that such casualty proceeds or condemnation awards are not applied to the repair or restoration of the Project in accordance with the FHA loan documents, (B) the Mortgage Note is subject to prepayment in whole or in part at the option of the Borrower, after September 1, 2019, on the last day of any month, upon at least 30 days' advance written notice to the Lender, and upon payment of the principal amount of the Mortgage Note, together with the applicable prepayment premium, plus interest to the date of prepayment; (C) is subject to prepayment as a whole or in part without premium upon at least 30 days' advance written notice to the Lender to the extent, if any, required by applicable rules, regulations, policies and procedures of HUD and GNMA; and (D) notwithstanding any prepayment prohibition imposed or penalty required by the Mortgage Note, the Mortgage Note is subject to prepayment in part or in full without the consent of the Lender and without prepayment penalty, if HUD determines that prepayment will avoid a Mortgage Insurance claim and is therefore in the best interest of the federal government.

If the Borrower makes any such prepayment on the Mortgage Note, the amount prepaid is to be paid to the Lender and passed through to the Trustee as a prepayment on the GNMA Securities and applied to the redemption of Bonds, as described under "THE BONDS—Special Mandatory Redemption of Bonds."

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

Risk of Early Redemption

Prospective purchasers of the Bonds should consider carefully all possible factors which may cause the Bonds to be redeemed earlier than projected. They include the possibilities that: the Borrower may not achieve delivery of the initial Construction Loan Certificate or the Project Loan Certificate; the Borrower may elect to prepay the Mortgage Note pursuant to its provisions; or the Mortgage Note may be

prepaid as a result of a condemnation award or an insurance recovery or in the event of a default under the Mortgage (as a result of the inability to complete the Project with the resources available therefor or the inability to operate the Project successfully) from the proceeds of the FHA mortgage insurance; that the GNMA Securities may be redeemed following a default under the Mortgage Note; or that there is an FHA required mortgage reduction as a result of cost certification.

Loss of Premium from Early Redemption

Purchasers of the Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold Bonds trading at a price in excess of the principal amount thereof, should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest, without premium, in the event such Bonds are redeemed prior to maturity. This could occur, for example, if the Mortgage Note is prepaid as a result of a casualty or condemnation award affecting the Project, if there is a default under the Mortgage or if there is a reduction in the principal amount of the Mortgage Loan upon final endorsement for FHA mortgage insurance, or otherwise.

Construction

Construction and/or equipping of the Project have not yet commenced. The Borrower has made arrangements which it anticipates will be sufficient to assure the acquisition, construction, development and equipping of the Project by January 30, 2011, the required completion date specified in the construction contract. It is estimated that final endorsement of the Mortgage Note will be obtained within approximately six months after completion of construction. No assurance can be given, however, that the arrangements made by the Borrower are sufficient and that these steps will be completed prior to that date. If the Mortgage Note is not finally endorsed by HUD and the Project Loan Certificate is not delivered to the Trustee or its nominee on or before the PLC Delivery Date (as hereinafter defined), the Bonds must be called for redemption (unless such date is extended). See “THE BONDS – Special Mandatory Redemption of Bonds.” The anticipated date, as reflected in this Official Statement, for completion of construction of the Project and final endorsement by HUD may be subject to various delays, including delays in construction, whether or not occasioned by default, and delays in cost certification and in HUD’s processing thereof and/or delays resulting from disputes between the Borrower and the Contractor.

Any changes in the plans and specifications for the construction of the Project must be approved by FHA and any increase in costs resulting from a change must be funded by the Borrower unless and until such increased costs result in a mortgage increase. The Issuer is under no obligation to issue any additional bonds to fund mortgage increases.

If actual costs to develop, construct and equip the Project are less than projected, a portion of the Bonds might be redeemed as a result of a reduction in the principal amount of the Mortgage Note at final endorsement. If actual costs are higher than projected, the Borrower could be required to seek additional financing to complete the Project, and a failure to obtain such financing could cause the Borrower to default on the Mortgage Note resulting in the redemption of the Bonds.

Issuance of GNMA Securities

It is anticipated that the Trustee will acquire the Project Loan Certificate on or before the PLC Delivery Date, as such acquisition date may be extended pursuant to the terms of the Indenture. The purchase of the Project Loan Certificate is subject to the following conditions, among others: (a) the submission by the Lender to GNMA of certain documents required by GNMA in form and substance

satisfactory to GNMA, (b) the Lender's continued compliance, on the date of issuance of the Project Loan Certificate, with all of GNMA's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (c) the Lender's continued ability to issue and deliver the Project Loan Certificate, as such ability may be affected by the Lender's bankruptcy, insolvency or reorganization, and (d) final endorsement of the Mortgage Note for insurance by FHA (which, in turn, is dependent upon a number of factors, including (without limitation) lien-free completion of construction of the Project, HUD approval of the Borrower's cost certification and payment by the Borrower of amounts due in connection with the Project). In the event that the Project Loan Certificate is not issued as a result of a failure of any of the conditions listed above, the Bonds will be subject to early redemption in whole as discussed under "Special Mandatory Redemption of Bonds."

Adequacy of Revenues

The primary security for the Bonds is the GNMA Securities. None of the Issuer, the Trustee or the Underwriters have made any independent evaluations of the Borrower's revenues, and no representations are made as to the adequacy of such revenues to maintain the Project and to make payments required under the Loan Agreement. Furthermore, the terms of the Loan Agreement prohibit the Bondowners or the Trustee from exercising any right that the Borrower may have under the Borrower's operating agreement or otherwise to require any member of the Borrower to make any additional contributions to the Borrower.

Failure to Maintain Occupancy

The economic feasibility of the Project and its ability to provide revenues to the Borrower to make payments on the Mortgage Note depend in large part upon its being substantially occupied. Occupancy of the Project may be affected by competition from existing competing facilities or from competing facilities which may be constructed in the area served by the Project, including new facilities which the Borrower, or its affiliates, may construct. Circumstances may occur, including, but not limited to, insufficient demand for low income housing in the Project's location, decreases in the population, deterioration of the structure and living facilities, and construction of competing projects for low income individuals or other more attractive living accommodations, which could increase the rate of vacancy. Further, the sustained failure of tenants to meet their rental payment obligations would make it difficult for the Project to meet its current operating expenses which could result in a curtailment of essential services and decrease the desirability of the Project to existing or prospective tenants. If the Borrower defaults on the Mortgage Loan, payment of FHA mortgage insurance benefits would result in a prepayment of the GNMA Securities and, consequently, a redemption of Bonds without premium.

Limited Security

The Bonds are special, limited obligations of the Issuer payable solely from the revenues and assets of the Issuer pledged under the Indenture and no other revenues or assets of the Issuer. The Bonds do not constitute an indebtedness or obligation of the District, and neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Issuer has no taxing power.

Taxability

The Bonds are not subject to redemption, and 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 the Issuer Regulatory Agreement and the Loan Agreement that are

designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be and to remain excludable from gross income for purposes of federal income tax.

As a condition of FHA's insuring the Mortgage Note, the Issuer Regulatory Agreement and the Loan Agreement are made expressly subordinate to the obligations under the Mortgage, and enforcement of the Issuer Regulatory Agreement and the Loan Agreement is expressly limited so that enforcement will not serve as the basis for a declaration of default under the Mortgage or an acceleration of the Mortgage Note or result in any claim under the Mortgage Note, or claim against the Project, the Mortgage Note proceeds, any reserve or deposit made with the Lender or another person or entity required by HUD in connection with the Mortgage Note transaction, or against the rents or other income from the Project for payment under the Issuer Regulatory Agreement. Consequently, the rights of the Issuer or the Trustee to enforce the Issuer Regulatory Agreement would be severely restricted and, among other things, it would not be possible to accelerate the debt evidenced by the Mortgage Note or to seek FHA insurance benefits. There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared taxable, and the Issuer will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever.

In the event that interest on the Bonds should become subject to federal income taxation, the market for and value of the Bonds may be adversely affected.

Enforceability of Remedies

The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Indenture. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Indenture may not be readily available.

The remedies available to the Trustee and the Holders of the Bonds upon an event of default under the Loan Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Loan Agreement or the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the Loan Agreement and Bond Purchase Agreement will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

The Underwriters will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Official Statement, and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time. Any prospective purchaser of the Bonds, therefore, should undertake an independent investigation through its own advisors regarding the desirability and practicability of the investment in the Bonds. Any prospective purchaser should be fully aware of the long term nature of an investment in the Bonds and should assume that it will have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the Bonds that does not intend or that is not able to hold the Bonds for a substantial period of time is advised against investing in the Bonds.

Investment Agreement Rates of Return

The Trustee is required to invest all money in the Acquisition Fund and the Bond Fund in an investment agreement. The Investment Agreement, pursuant to which the money in the Acquisition Fund will be invested, provides for a rate of return of 1.34% per annum on amounts in the Acquisition Fund invested thereunder until the earliest of June 15, 2012, the date of withdrawal of all funds under the Investment Agreement, the date on which none of the Bonds remain outstanding, or the date of a permitted earlier termination of the Investment Agreement. 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 Rating Agency were to lower its rating of the short-term or long-term debt of the Investment Agreement Provider and the applicable investment agreement is not replaced or other permitted remedial steps taken, it is likely that the rating on the Bonds would also be lowered, which could have an adverse affect on the market value of the Bonds.

Information Not Verified

Information with regard to the Project has been obtained from the Borrower and its affiliates. Much of that information involves predictions with regard to future events, such as the time required to complete the construction of the Project and the future operating expenses of the Project; such information is, by its nature, not subject to verification. Aside from the analyses made by FHA in determining to insure the Mortgage Loan, no feasibility study or other independent verification of the Project has been undertaken.

SUMMARY OF CERTAIN PROVISIONS OF THE FHA REGULATORY AGREEMENT

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

The Borrower is to enter into an FHA form of Regulatory Agreement (the “FHA Regulatory Agreement”) with respect to the Project at the time of initial endorsement of the Mortgage Note for FHA Mortgage Insurance. The FHA Regulatory Agreement provides, among other things, that the Borrower must maintain the Project in good condition. Dwelling units are not to be rented for a period of less than 30 days or more than three years.

The FHA Regulatory Agreement also prohibits the conveyance, transfer or encumbrance of the Project or any right to manage the Project without the prior written approval of FHA. The Borrower may not make, receive, or retain any distribution of assets or income from the Project except from “surplus cash” and only as permitted under applicable laws.

The Borrower is prohibited, without the prior written approval of FHA, from remodeling, adding to or demolishing any part of the Project or engaging in any other business or activity or incurring any obligation or liability not in connection with the Project.

The Project and all books, records, and documents relating thereto are required to be subject to examination and inspection at any reasonable time by FHA. Books and accounts of the Project are to be kept in accordance with FHA requirements and complete annual financial reports are to be furnished to FHA within 90 days of the end of each fiscal year.

In the event of a default in the performance of the Borrower's obligations under the FHA Regulatory Agreement, even in the absence of a default under the Mortgage Note or the Mortgage, FHA may (a) notify the Lender of such default and request the Lender to declare a default under the Mortgage Note and the Mortgage and the Lender may, at its option, declare the whole indebtedness due and proceed with assignment of the Mortgage Note and the Mortgage to FHA, (b) collect all rents and charges in connection with the operation of the Project and use such collections to pay the Borrower's obligations under the FHA Regulatory Agreement and under the Mortgage Note and the Mortgage and the expenses of maintaining the Project, (c) take possession of and operate the Project, and (d) apply for an injunction, appointment of a receiver or such other relief as may be appropriate.

TAX MATTERS

Section 142(d) of the Code provides an exclusion from federal income tax for interest on certain governmental obligations, such as the Bonds, the proceeds of which are used to provide financing for a "qualified residential rental project." The Bonds shall be exempt from federal income tax if at all times during the Qualified Project Period 40% or more of the units are set aside for tenants having incomes of 60% or less of area median gross income.

Under the Treasury Regulations, the failure to satisfy the foregoing requirements on a continuous basis or the failure to satisfy any of the other requirements of the Treasury Regulations will, unless corrected within a reasonable period of time of not less than sixty (60) days after such noncompliance is first discovered or should have been discovered, cause loss of the tax-exempt status of the Bonds as of the date of issuance of the Bonds, irrespective of the date such noncompliance actually occurred.

The Issuer has established requirements, procedures and safeguards which it believes to be sufficient to ensure the Project's compliance with the requirements of Section 142(d) of the Code and the Treasury Regulations. Such requirements, procedures, and safeguards are incorporated into the Loan Agreement and the Issuer Regulatory Agreement. However, no assurance can be given that in the event of a breach of any of the provisions or covenants described above, the remedies available to the Issuer or the Trustee can be judicially enforced in such manner as to assure compliance with Section 142(d) of the Code and therefore to prevent the loss of tax-exemption of interest on the Bonds. The opinion of Bond Counsel described below relies, in part, upon certifications by the Borrower as to compliance with Section 142(d) of the Code.

Section 148 of the Code provides that interest on the Bonds will not be excludable from gross income for federal income tax purposes unless (a) the investment of the proceeds of the Bonds meets certain arbitrage requirements and (b) certain "excess" earnings on such investments are rebated to the United States of America (collectively, the "Arbitrage Restrictions"). To the extent that the Arbitrage Restrictions are applicable to a Borrower, the Borrower has covenanted in the Loan Agreement and the Issuer has covenanted in the Indenture, that each will comply with such restrictions. In the event of non-compliance by the Issuer, the Trustee or the Borrower with the Arbitrage Restrictions, interest on the Bonds may be taxable for federal income tax purposes from the date of issuance of the Bonds.

The Issuer and the Borrower have each covenanted to comply with certain other applicable provisions of the Code which are required as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Code includes requirements which the Issuer and the Borrower must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The Issuer's or the Borrower's failure to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax

purposes retroactive to their date of issuance. The Issuer and the Borrower have covenanted in the Indenture and Loan Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer and the Borrower with certain tax covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, except for interest on any Bond for any period during which the Bond is held by a person who is a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Code. Additionally, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted earnings for purposes of computing the alternative tax on corporations.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds or, in the case of a financial institution, that portion of the Bondholder's interest expense allocable to interest on the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies, (iii) the inclusion of interest on Bonds in the earnings of certain foreign corporations doing business in the United States of America for purposes of a branch profits tax, (iv) the inclusion of interest on Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on Bonds by recipients of certain Social Security and Railroad Retirement benefits for purposes of determining the taxability of such benefits.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Bonds.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS. PROSPECTIVE BONDOWNERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

The opinion of Bond Counsel will be delivered contemporaneously with the delivery of the Bonds substantially in the forms attached hereto as APPENDIX B.

Tax Treatment of Original Issuance Discount

Under the Code, the difference between the principal amount of the Bonds maturing in the years 2034, 2039, 2044 and 2051 (the "Discount Bonds") and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold, is "original issue discount." Original issue discount represents interest which is excluded from gross income

and which may result in the collateral tax consequences described above. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded periodically. That portion of the original issue discount accruing during the period a purchaser holds a Discount Bond will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Bryant Miller Olive P.C., Washington, D.C., as Bond Counsel. Certain legal matters will be passed upon for the Issuer by its General Counsel, Harry T. Alexander, Jr., Esquire, for the Lender by its counsel, Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C., for the Underwriters by its counsel, Eichner & Norris PLLC, Washington, D.C., and for the Borrower by its counsel, Greenstein DeLorme & Luchs, P.C., Washington, D.C.; and Klein Hornig LLP, Washington, D.C.; and for one of the general partners of the Borrower by its counsel, DLA Piper LLP (US), Chicago, Illinois.

LITIGATION

There is not now pending or, to the Issuer's 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 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 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 has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure to the Beneficial Owners and Holders of any of the Bonds as described below, and the Issuer shall have no liability to the Beneficial Owners or Holders of any of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The Borrower has entered into the Disclosure Agreement with the Trustee in its capacity as trustee and Digital Assurance Certification LLC, its successors and assigns, as dissemination agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, upon the occurrence of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of the Rule. See “APPENDIX C - FORM OF THE DISCLOSURE AGREEMENT” attached hereto. The Borrower has not entered into any other such undertaking with respect to the Rule.

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

RATINGS

The Bonds are expected to be given the rating set forth on the cover page hereof by Moody’s Investors Service.

Such rating reflects 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. The Underwriters and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Institutional Securities, LLC (collectively, the “Underwriters”) have agreed, subject to certain conditions, to purchase the Bonds from the Issuer at the prices listed on the inside cover page hereof of the aggregate principal amount thereof. For their services relating to the transaction, the Underwriters will receive a fee equal to one percent (1.00%) of the par amount of the bonds plus \$7,314.81 for expenses. From its fees, the Underwriters will be obligated to pay certain costs and expenses of the financing.

The obligation of the Underwriters to purchase a portion of the Bonds is subject to certain terms and conditions set forth in the purchase contract entered into among the Underwriters, the Borrower and the Issuer. The Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed, from time to time, by the Underwriters.

OTHER MATTERS

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.

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Use of the words “shall” or “will” in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

**DISTRICT OF COLUMBIA HOUSING FINANCE
AGENCY**

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

[Signatures continue on next page]

[Borrower Signature Page to the Official Statement]

3910 GEORGIA AVENUE ASSOCIATES LIMITED PARTNERSHIP 1-A, a District of Columbia limited partnership

JLC-3910 Georgia Avenue, L.L.C.,
a District of Columbia limited liability company,
Co-General Partner

JLC Equity Capital, LLC,
a District of Columbia limited liability company,
Managing Member

By: /s/ Jair Lynch
Name: Jair Lynch
Title: Authorized Agent

AHD Development, LLC,
a District of Columbia limited liability company,
Co-General Partner

By: /s/ Donald E. Tucker
Name: Donald E. Tucker
Title: Managing Member

SCG Georgia Commons, LLC,
an Illinois limited liability company,
Co-General Partner

Stratford Capital Group LLC,
a Delaware limited liability company,
Sole Member

SCG Capital Corp.,
a Delaware corporation,
Manager

By: /s/ Stephen P. Wilson
Name: Stephen P. Wilson
Title: President (Virginia Office)

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APPENDIX A

CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

In addition to the words and terms defined elsewhere in this Official Statement, the following words and terms as used herein will have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“*Acquisition Fund*” means the trust fund by that name established and administered pursuant to the Indenture.

“*Act*” means the District of Columbia Housing Finance Agency Act (Chapter 27, Title 42 of the District of Columbia Code), as amended.

“*Authorized Denomination*” means \$5,000 or any integral multiple thereof.

“*Bond Counsel*” means the firms of Bryant Miller Olive P.C., Washington, D.C., or any other attorney at law or firm of attorneys selected by the Issuer, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, bonds issued by states and political subdivisions, duly admitted to practice law before the highest court of any state of the United States of America.

“*Bond Fund*” means the trust fund by that name established pursuant to the Indenture.

“*Bondholder*” or “*holder*” or “*registered owner*,” when used with respect to any Bond, means the person or persons in whose name such Bond is registered.

“*Bond Obligation*” means as of any date of calculation, the aggregate principal amount of all outstanding Bonds.

“*Bond Register*” and “*Bond Registrar*” have the respective meanings specified in the Indenture.

“*Bond Resolution*” means the Resolution adopted by the Issuer on May 18, 2009 authorizing the issuance of the Bonds and the execution of the Indenture, the Loan Agreement, the Issuer Regulatory Agreement and other documents in connection therewith.

“*Bond Year*” means, as to the first Bond Year, the period from the Closing Date to September 20, 2009, and, thereafter, the annual period ending on September 20, of each year.

“*Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Georgia Commons Project), GNMA Collateralized Series 2009.

“*Borrower*” means 3910 Georgia Avenue Associates Limited Partnership 1-A, a District of Columbia limited partnership, and its successors and assigns.

“*Building Loan Agreement*” means the Building Loan Agreement dated the Closing Date between the Borrower and the Lender.

“*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 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.

“*CLC*” or “*Construction Loan Certificate*” means a construction loan certificate which is a GNMA Security maturing on the CLC Maturity Date and which represents an amount advanced by the Lender to the Borrower for Project Costs and which bears interest at the Pass Through Rate.

“*CLC Maturity Date*” means June 15, 2012, or such later date as may be permitted by the provisions of the Indenture.

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

“*Commencement of Amortization*” means the date on which the Borrower will begin to repay principal of the Mortgage Loan, which shall be April 1, 2011.

“*Commitment*” means that certain Section 220 Insurance Program Firm Commitment for Insurance of Advances dated October 20, 2008, from HUD to the Lender, together with any amendments thereto.

“*Compliance Period*” means the period specified in Section 42(i)(1) of the Code, being 15 years beginning with the later of the year in which the Project is placed in service or, at the election of the Borrower, the next succeeding year.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated the Closing Date, among the Borrower, the Trustee and the Dissemination Agent.

“*Costs of Issuance*” means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Bonds.

“*Costs of Issuance Fund*” means the trust fund by that name established pursuant to the Indenture.

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

“*Dissemination Agent*” means Digital Assurance Certification LLC, Winter Park, Florida, its successors and assigns, or any successor appointed pursuant to the Continuing Disclosure Agreement.

“*Dissemination Agent Fee*” means the annual fee of the Dissemination Agent in the amount of \$500.00 to be paid semi-annually from moneys in the Expense Fund pursuant to the Indenture.

“*District*” means the District of Columbia.

“*Eligible Funds*” means moneys which (a) are continuously on deposit with the Trustee in trust for the benefit of the owners of the Bonds in a separate and segregated account in which only Eligible Funds are held and (b) are (1) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds; (2) funds received by the Trustee pursuant to and under the GNMA Securities; (3) any other moneys if there is delivered to the Trustee at the time such moneys are deposited with the Trustee opinion of Counsel (which counsel may be Bond Counsel and which may assume that no owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief

from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to the Bondholders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code, and (4) investment income derived from the investment of moneys described in clauses (1) through (3) above.

“Event of Default” means any of the events so specified or defined in the Indenture.

“Expense Fund” means the trust fund by that name established pursuant to the Indenture.

“Extended Use Period” means the period beginning on the first day in the Compliance Period and ending on the date that is 15 years after the close of the Compliance Period. Notwithstanding the preceding sentence, 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, unless the Secretary of the Treasury determines that such acquisition is solely arranged so as to allow the Borrower to avoid the restrictions imposed under the Issuer Regulatory Agreement or (ii) the last day of the one (1) year period following the delivery of a request by the Borrower to DHCD to find a person to acquire the Borrower’s interest in the Project and the subsequent failure of DHCD to secure a “qualified contract” as defined in Section 42(h)(6)(F) of the Code.

“FHA” means the Federal Housing Administration, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

“FHA Loan Documents” means, collectively, the Mortgage Note, the Mortgage, the FHA Regulatory Agreement, the Building Loan Agreement and all other documents required in connection with the endorsement of the Mortgage Loan by FHA for Mortgage Insurance.

“FHA Regulations” means the regulations promulgated by FHA regarding insurance under Section 220 of the National Housing Act.

“FHA Regulatory Agreement” means the Regulatory Agreement for Multifamily Housing Projects to be dated not later than the Closing Date, by and between the Borrower and HUD, together with any and all supplements thereto.

“Final Advance” means the final advance of the Mortgage Loan proceeds to the Borrower upon Final Endorsement.

“Final Endorsement” means the date on which the Mortgage Note is finally endorsed for Mortgage Insurance by FHA, following completion of the Project and compliance with the terms and conditions of the Commitment.

“Financing Documents” means the Indenture, the Loan Agreement, the Issuer Regulatory Agreement, the GNMA Guaranty Agreement and the GNMA Securities.

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

“GNMA Guaranty Agreement” means the GNMA Guaranty Agreement between GNMA and the Lender with respect to the GNMA Securities, together with all Supplements thereto.

“*GNMA Security*” means a fully modified pass through security in the form of a CLC or a PLC issued by GNMA at the request of the Lender, registered in the name of the Trustee or its designee and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to timely payment of interest only until maturity and timely payment of principal at maturity on a CLC, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder, backed by the Mortgage Loan made by the Lender to finance the Project in accordance with the Loan Agreement, which Mortgage Loan is insured by the Secretary of HUD by and through the FHA.

“*HUD*” means the United States Department of Housing and Urban Development, any authorized representative thereof or any successor thereto.

“*Indenture*” means the Trust Indenture, dated as of June 1, 2009, between the Issuer and the Trustee together with all Supplements thereto.

“*Initial Advance*” means the first advance under the Mortgage Loan by the Lender to the Borrower.

“*Initial CLC*” means the CLC delivered by the Lender to the Trustee with respect to the Initial Advance of Mortgage Loan proceeds in an amount not less than \$1,500,000.

“*Initial CLC Delivery Date*” means July 31, 2009.

“*Interest Payment Date*” means each March 20 and September 20, commencing September 20, 2009.

“*Investment Agreement*” means the Investment Agreement by and between the Investment Agreement Provider and the Trustee and acknowledged and agreed to by the Issuer and the Borrower, providing for investment of moneys in the Acquisition Fund (including the Negative Arbitrage Account therein) at the rate of 1.34% per annum to June 15, 2012 or any substitute investment agreement; provided that the terms and rates of any substitute investment agreement shall be substantially the same as the immediately preceding investment agreement, and shall be issued by a provider acceptable to the Issuer and the Rating Agency.

“*Investment Agreement Provider*” means ING USA Annuity & Life Insurance Co.

“*Issuer*” means District of Columbia Housing Finance Agency, a corporate body and an instrumentality, organized and existing under the laws of the District of Columbia, and its successors and assigns.

“*Issuer’s Fee*” means the annual fee, in an amount equal to 0.35% of the outstanding principal amount of the Series 2009 Bonds, but not less than an annual amount of \$5,000, with such Issuer’s Fee to be paid semi-annually in arrears on each Interest Payment Date, commencing September 20, 2009. 0.15% of the Issuer’s Fee (the “Expense Fund Portion”) shall be paid from moneys in the Expense Fund pursuant to the Indenture, and the balance of the Issuer’s Fee, or 0.20% of the outstanding principal amount of the Series 2009 Bonds (the “Borrower Portion”) shall be paid directly by or on behalf of the Borrower pursuant to the Loan Agreement.

“*Issuer Regulatory Agreement*” means the Tax Regulatory Agreement dated as of June 1, 2009, by and among the Borrower, the Issuer and the Trustee, together with any and all Supplements thereto.

“*Lender*” means Deutsche Bank Berkshire Mortgage, Inc., a Delaware corporation, its successors and assigns.

“*Letter of Credit*” means an unconditional irrevocable letter of credit which must be issued or confirmed by a bank that either (a) has outstanding an issue of unsecured long-term debt rated at least equal to the rating on the Bonds maintained by the Rating Agency, (b) has a short term or commercial paper rating of “P-1” by the Rating Agency; provided, however, that the letter of credit expires in not more than three years, or (c) has outstanding an issue of unsecured long-term debt rated at least “Aa3” by the Rating Agency and has a short term or commercial paper rating of “P-1” by the Rating Agency if the letter of credit expires in more than three years; initially the Letter of Credit dated the Closing Date issued to and held by the Trustee in accordance with the Indenture for the credit of the Negative Arbitrage Account of the Acquisition Fund.

“*Loan Agreement*” means the Loan Agreement dated as of June 1, 2009, among the Issuer, the Lender, the Trustee and the Borrower, together with any and all supplements thereto.

“*Mortgage*” means the deed of trust from the Borrower in favor of the Lender securing the Mortgage Note, as the same may be amended.

“*Mortgage Insurance*” means the insurance against certain losses under the Mortgage Loan provided by the FHA, as evidenced by the endorsed Mortgage Note.

“*Mortgage Loan*” means the loan made by the Lender to the Borrower in connection with the issuance of the Bonds and in a principal amount equal to the aggregate principal amount of the Bonds, in order to provide financing for the Project.

“*Mortgage Note*” means the deed of trust note from the Borrower in favor of the Lender evidencing the Mortgage Loan.

“*National Housing Act*” means the National Housing Act of 1934, as amended and the applicable regulations thereunder.

“*Outstanding*,” when used with respect to the Bonds, means all Bonds theretofore authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;
- (b) Bonds for the payment or redemption of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with the Indenture; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

“*Pass -Through Rate*” means the rate of interest on the GNMA Securities which shall be 5.90% per annum.

“*Permitted Investments*” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the District for moneys proposed to be invested therein:

(a) Bonds or other obligations of the United States or of subsidiary corporations of the United States government fully guaranteed by the full faith and credit of the United States;

(b) Obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank, and Bank for Cooperatives;

(c) Bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government provided any such obligation is rated or assessed "A" by the Rating Agency;

(d) Certificates of deposit of national or state banks located within the District which have deposits insured by the Federal Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any such excess exists, meet the Rating Agency over-collateralization requirement and other criteria and shall be secured by deposits with the Federal Reserve Bank of Richmond, Virginia or the Federal Home Loan Bank of Atlanta, Georgia, in one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess:

(1) Obligations of the United States or subsidiary corporations included in subparagraph (b) of this paragraph;

(2) Obligations of agencies of the United States government included in subparagraph (c) of this paragraph; or

(3) Bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (d) of this paragraph;

(e) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating to at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, and whose unsecured or uncollateralized long-term debt obligations are assigned a rating by the Rating Agency of "Aa3" or whose unsecured and uncollateralized short-term debt obligations maturing in not greater than 365 days are assigned a rating by the Rating Agency of P-1 or better, provided that each such interest-bearing time deposit, repurchase agreement, reserve repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(f) Any and all other obligations having a credit rating from the Rating Agency of at least "Aa3" and having a nationally recognized market, including, but not limited to, collateralized mortgage obligations, owner trusts offering collateralized mortgage obligations, guaranteed investment contracts, offered by any firm, agency, business, governmental units, bank, insurance company, corporation

chartered by the United States Congress, or other entity, real estate mortgage investment conduits, mortgage obligations, mortgage pools, and pass-through securities;

(g) Money market funds comprised of the investments set forth in paragraphs (a) and (b) above and which are rated “Aaa” including such funds as are administered by the Trustee;

(h) Any other investments which in the opinion of Counsel are authorized by the laws of the District and are rated “Aa3” by the Rating Agency; and

(i) the Investment Agreement.

“*PLC*” or “*Project Loan Certificate*” means the project loan certificate which is the GNMA Security issued after Final Endorsement which shall bear interest at the Pass-Through Rate and which shall be in a principal amount equal to the outstanding principal amount of the Mortgage Loan at the time of Final Endorsement.

“*PLC Delivery Date*” means the earlier of (a) the date on which the PLC is delivered to the Trustee or (b) April 30, 2011, or such later date as may be permitted by the provisions of the Indenture.

“*Project*” means the 130-unit multifamily rental housing within a mixed-use development to be known as Georgia Commons located in the District of Columbia within a mixed-use development of which the commercial portion of the development will not constitute a portion of the Project.

“*Project Costs*” means:

(a) costs of architectural and engineering services related to the Project, including, without limitation, the costs of preparation of studies, surveys, reports, tests, plans and specifications;

(b) the costs of legal, accounting and other special services related to the Project;

(c) costs and fees incurred in connection with the Mortgage Loan and the issuance of the Bonds, including Costs of Issuance;

(d) fees and charges incurred in connection with applications to federal, state and local governmental agencies for the requisite approval or permits regarding the acquisition, construction and equipping of the Project;

(e) costs incurred in connection with the acquisition of the site for the Project, including any necessary rights of way, easements or other interests in real or personal property;

(f) costs incurred in connection with the acquisition of the site, demolishing any existing facilities and site preparation, or equipping or construction of the buildings, structures and facilities comprising the Project;

(g) premiums for any necessary title, casualty and other insurance which may reasonably be purchased in connection with the Project or the Mortgage Loan; and

(h) other costs and expenses relating to the Project.

“*Qualified Project Costs*” means any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its “official intent” (within the meaning of Treasury Regulation Section 1.150 2) with respect to the Project (other than preliminary expenditures with respect

to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a “qualified residential rental project” within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project’s capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, “Qualified Project Costs” do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code). As used herein, the term “preliminary expenditures” includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to acquisition and commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

“*Qualified Project Period*” means 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 15 years after the first date on which at least 50% of the Units in the Project are or were first occupied after acquisition, construction and equipping of the Project with the 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.

“*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 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.

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

“*Rebate Analyst*” means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst or the Borrower fails to pay such fee one month prior to any date on which calculations are required to be made, any qualified person retained by the Trustee to calculate the Rebate Amount.

“*Rebate Analyst Fee*” means the annual fee of the Rebate Analyst in the amount of \$500 to be paid annually in arrears from moneys in the Expense Fund pursuant to the Indenture; provided, however, that upon any unscheduled prepayment of any GNMA Security, such fixed fee shall be ratably reduced.

“*Rebate Fund*” means the fund by that name established pursuant to the Indenture.

“*Reserved Rights of the Issuer*” means (a) all rights which the Issuer or its officers, officials, directors, agents or employees may have under the Indenture, the Issuer Regulatory Agreement and the Loan Agreement to indemnification by the Borrower and by any other persons and to payments for

expenses incurred by the Issuer itself, or its officers, officials, directors, agents or employees; (b) the right of the Issuer to give and receive notices, reports, certifications or other information, make determinations and grant approvals hereunder and under the Loan Agreement and the Issuer Regulatory Agreement; (c) the right of the Issuer to be named additional insured on insurance policies as provided in the Loan Agreement; (d) the right of the Issuer to receive its fees and expenses; (e) the Issuer's approval rights; (f) the rights of the Issuer with respect to inspections; (g) the rights of the Issuer with respect to operating statements and proposed budgets; (h) the notice, approval, removal and enforcement rights of the Issuer relating to the Manager and General Partner; (i) the rights of the Issuer with respect to publicity and signage; (j) the notification, indemnification and enforcement rights of the Issuer in the Loan Agreement; (k) the rights of the Issuer with respect to limited liability; (l) all rights of the Issuer to notice and approval of rights relating to requisitions and change orders; (m) all rights of the Issuer to optional redemption, and purchase in lieu of redemption; (n) all rights of the Issuer to enforce covenants and agreements and to take action for the breach of any representations or warranty 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 Financing Documents, including any certificate or agreement executed by the Borrower; (o) all rights of the Issuer in connection with any amendment to or modification of any of the Indenture, the Loan Agreement, or the Issuer Regulatory Agreement insofar as any such amendment or modification would affect the Reserved Rights of the Issuer; (p) all approval rights of the Issuer relating to rent increases as provided in the Issuer Regulatory Agreement; and (q) all enforcement rights with respect to the foregoing. All of the foregoing rights of the Issuer under the Indenture, the Issuer Regulatory Agreement and the Loan Agreement are reserved to the Issuer, as none of these rights under the Indenture, the Issuer Regulatory Agreement, or the Loan Agreement, are being assigned by the Issuer to the Trustee.

"Revenues" means the revenues, receipts, interest, income, investment earnings and other moneys received or to be received by the Issuer or the Trustee from the Project, including moneys received or to be received from the GNMA Securities or the Borrower under the Financing Documents and all investment earnings derived or to be derived on any moneys or investments held by the Trustee hereunder, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the 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.

"Tax Credit Units" means 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 Issuer Regulatory Agreement.

"Tax Credits" means the low income housing tax credits under Section 42 of the Code.

"Trustee" means U.S. Bank National Association, and its successors and assigns, as Trustee under the Indenture.

"Trustee Fee" means the annual administrative fees and expenses of the Trustee in an amount equal to \$5,000 per year, payable semi-annually in advance from moneys in the Expense Fund pursuant to the Indenture.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned to the Trustee pursuant to "SECURITY FOR THE BONDS – General" as set forth herein.

"Underwriters" mean Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Institutional Securities, LLC, collectively as underwriters of the Bonds.

“Unit” or “Units” means dwelling units within the Project meeting the requirements of the Issuer 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.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Establishment of Funds

The following funds are to be established and maintained by the Trustee under the Indenture for the benefit of the holders of the bonds:

- (a) the Acquisition Fund, including therein a Negative Arbitrage Account and an Eligible Funds Account;
- (b) the Bond Fund;
- (c) the Costs of Issuance Fund;
- (d) the Expense Fund; and
- (e) the Rebate Fund.

Amounts held in the Rebate Fund are not security for the Bonds, and therefore are not available to pay the amounts due on the Bonds.

Acquisition Fund

The Trustee shall deposit into the Acquisition Fund the amounts required by the Indenture and any amounts paid to the Trustee for deposit into the Acquisition Fund in accordance with the Indenture and shall invest such proceeds as set forth in the Investment Agreement. The Trustee shall request funds invested under the Investment Agreement in accordance with the terms thereof, such that funds will be timely available in advance of the date such funds are needed to fund advances under the Indenture.

If the Initial CLC has not been delivered to the Trustee by the Initial CLC Delivery Date (as such date may be extended pursuant to the Indenture) or if the PLC is not delivered to the Trustee on or before the PLC Delivery Date (or such later date as may be established in the Indenture), the Trustee shall, on the date which is not more than 15 days after either of such dates (the “Transfer Date”), transfer all amounts on deposit in the Acquisition Fund to the Bond Fund for application to the special mandatory redemption of the Bonds in accordance with the Indenture; provided, however, that the Initial CLC Delivery Date and the PLC Delivery Date and the transfer and redemption described in the Indenture may be extended in accordance with the provisions of the Indenture.

The PLC Delivery Date shall automatically be extended without the prior consent of the Trustee or the Issuer if the Trustee has received no later than ten (10) Business Days preceding the PLC Delivery Date a request signed by the Borrower or the Lender (notwithstanding a contrary request from the other party) for such extension. The length of the extension in terms of number of days shall be calculated as set forth in the Indenture. In addition to and not in replacement of the automatic extensions of the PLC Delivery Date as set forth in the Indenture, both the Issuer and the Trustee agree that the PLC Delivery Date and the Initial CLC Delivery Date may also be extended by the Lender without the prior consent of the Issuer and the Trustee. The Issuer and the Trustee agree to cooperate with the Lender to so extend the PLC Delivery Date and/or the Initial CLC Delivery Date, as applicable, in the event the Lender elects to do so, provided that the requirements set forth in the Indenture have been met.

Notwithstanding anything in the Indenture to the contrary, if the Trustee has not disbursed 85% of the proceeds of the Bonds by the third anniversary of the Closing Date, shall so notify the Trustee and the Trustee shall not make any further disbursements until it has obtained an opinion of Bond Counsel to the effect that such future disbursement(s) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The transfer and redemption described above (the “Transfer and Redemption”) shall be extended if the Trustee has received no later than 10 Business Days preceding the then-current PLC Delivery Date, a request signed by either the Borrower or the Lender (whether or not a conflicting request is received from the other party) for such extension. The length of the extension in terms of number of days shall be determined in writing by the Underwriters (or if unable to perform, by a firm of certified public accountants or financial consultants acceptable to the Issuer and the Rating Agency at the cost of the Borrower based upon a formula as set forth in the Indenture. However, in no event shall the Transfer and Redemption described above be extended beyond the end of the month prior to the first sinking fund payment made pursuant to the Indenture, unless extended, as set forth in the Indenture.

The Transfer and Redemption shall be extended beyond the then-current Transfer Date if the Trustee has received, no later than the 10th Business Day next preceding the then-current Transfer Date or, in the case of the delivery of the Initial CLC, be delayed beyond the Initial CLC Delivery Date if the Trustee shall have received no later than the 10th Business Day next preceding the Initial CLC Delivery Date, a request signed by either the Lender or the Borrower for such extension (whether or not a conflicting request is received from the other party) accompanied by: (i) a cash flow projection accompanied by a verification report by a firm of certified public accountants or financial consultants acceptable to the Issuer and the Rating Agency demonstrating that: the sum of (A) the amounts in the Acquisition Fund and the Bond Fund, (B) the investment earnings to accrue on the amounts held in the Acquisition Fund and the Bond Fund during the period ending 30 days after the end of any period of delay requested, (C) any additional sums paid or to be paid to or held by the Trustee by or on behalf of the Borrower or the Lender for deposit in the Acquisition Fund or Bond Fund in the form of Eligible Funds, and (D) all scheduled payments on CLCs held by the Trustee through the last day of the requested extension and all scheduled payments on the PLC assuming its issuance on the last day of such extension will be at least equal to (x) the debt service on the Bonds as originally scheduled and will also be at least equal to (y) without regard to scheduled payments on the PLC, the debt service on the Bonds through the date which is 30 days after the end of any such period, plus, in each case, originally scheduled and accrued unpaid Trustee Fee, Issuer Fee, Dissemination Agent Fee and Rebate Analyst Fee (as applicable) and any other amounts which were shown to be available at such time for debt service on the Bonds in the original cash flows prepared in connection with the issuance of the Bonds; (ii) an opinion of Bond Counsel to the effect that such extension is permitted under the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (iii) written evidence that the Commitment from HUD will remain valid and in effect at least through the end of such period; (iv) arrangements satisfactory to the Trustee for the making of the investments contemplated by

the cash flow projection; (v) written evidence or confirmation from the Lender that the CLC Maturity Date and the PLC Delivery Date or the Initial CLC Delivery Date, as applicable, will be extended at least to the end of the period of such requested delay (subject to the requirements set forth in the Indenture); (vi) sufficient funds from the Borrower or the Lender to enable the Issuer and the Trustee, as appropriate, to cover all costs to the Issuer and the Trustee attributable to any such proposed extension of the PLC Delivery Date or the Initial CLC Delivery Date, as applicable, including, without limitation, (1) negative arbitrage, (2) additional amounts needed to cover any lag in the Trustee's receipt of payments from the Lender, and (3) all expenses and fees of counsel to the Issuer and any financial advisor to the Issuer; and (vii) written notice from the Rating Agency that the rating then assigned to the Bonds will not be lowered or withdrawn as a result of such extension of the CLC Maturity Date and the PLC Delivery Date or the Initial CLC Delivery Date, as applicable. No extension of the CLC Maturity Date shall be authorized under the Indenture unless the CLC Maturity Date, as extended, is at least 15 days after the date on which the PLC would be delivered pursuant to such extension. Monies on deposit in the Negative Arbitrage Account or the Bond Fund may be released therefrom to pay the costs associated with any such extension upon direction of the Borrower or the Lender, provided that the cashflow analysis shall take into account such release of funds.

Bond Fund

The Trustee shall deposit into the Bond Fund (i) the amounts required by the Indenture; (ii) all income, revenues, proceeds and other amounts received from or in connection with the GNMA Securities; (iii) all earnings and gains from the investment of moneys held in the Bond Fund and the Acquisition Fund; and (iv) any other amounts received by the Trustee which are subject to the lien and pledge of the Indenture. Amounts deposited in the Bond Fund in accordance with the Indenture shall be invested as set forth in the Investment Agreement. The Trustee shall request funds invested under the Investment Agreement in accordance with the terms thereof, such that funds will be timely available in advance of the date such funds are needed to fund advances thereunder.

The Trustee is to disburse amounts in the Bond Fund as follows:

- (a) to pay the accrued interest due to the Lender as part of the purchase price of each CLC and the PLC at such time and in the manner provided in the Indenture;
- (b) on each Interest Payment Date (or any other date on which Bonds are to be redeemed) to pay the principal of, premium, if any, and interest on the Bonds becoming due and payable in accordance with the Indenture;
- (c) on each Interest Payment Date, to transfer to the Expense Fund, an amount, after considering amounts on deposit therein, equal to one-half of the Trustee Fee and the Dissemination Agent Fee, one-half of the Issuer Fee and one-half of the Rebate Analyst Fee (each as defined below), in each case calculated as of the first day of such month; and
- (d) to transfer to the Rebate Fund, the amounts, if any, required by the Indenture.

The GNMA Securities are to be held at all times for the benefit of the Bond Fund. If the Trustee does not receive a payment on any GNMA Security when due pursuant to the terms of the Indenture, the Trustee shall immediately notify and demand payment from the Lender, and if the Lender shall not remit payment on the following Business Day, then the Trustee shall notify and demand payment from GNMA. Subject to the Indenture, the Trustee is to deliver all CLCs held by it to the Lender upon their maturity (as such maturity may be extended) in return for payment of their principal amount or for presentation in connection with delivery of the PLC.

Expense Fund

The Trustee is to apply money on deposit in the Expense Fund solely for the following purposes, in the following order of priority: (i) to transfer money to the Bond Fund on any Interest Payment Date to the extent necessary to pay debt service on the Bonds on such date, but only if there are insufficient moneys held to the credit of the Bond Fund (taking into account amounts drawn under the Letter of Credit and then transferred from the Negative Arbitrage Account of the Acquisition Fund as set forth in the Indenture); (ii) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (as defined above), if any, on September 20, 2009 and on each September 20 thereafter; (iii) to pay one-half of the Trustee Fee and the Dissemination Agent Fee on each Interest Payment Date; (iv) to pay one-half of the Issuer's Fee on each Interest Payment Date; and (v) to pay one-half of the Rebate Analyst Fee on each Interest Payment Date.

Costs of Issuance Fund

The Trustee is to use amounts in the Costs of Issuance Fund to pay the costs of issuing the Bonds upon the written direction of the Issuer. Any funds remaining in the Costs of Issuance Fund six months after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be paid in accordance with the Indenture 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.

Rebate Fund

The purpose of the Rebate Fund is to facilitate compliance with Section 148(f) of the Code. Any Rebate Amount deposited in such Fund shall be for the sole benefit of the United States of America and shall not be subject to the lien of the Indenture or to the claim of any other person, including, without limitation, the Bondholders and the Issuer. The requirements with respect to Rebate Fund in the Indenture are subject to, and shall be interpreted in accordance with, Section 148(f) of the Code and the Treasury Regulations applicable thereto (the "Regulations"), and shall apply except to the extent the Trustee is furnished with an opinion of Bond Counsel or other satisfactory evidence that the Regulations contain an applicable exception.

The Trustee shall promptly transfer to the Rebate Fund each amount required to be deposited therein as determined by the Rebate Analyst at the cost of the Borrower pursuant to the Loan Agreement, first, from earnings in the Acquisition Fund, second, to the extent amounts in the Acquisition Fund are insufficient, from revenues which have been deposited into the Bond Fund and earnings thereon, and third, from the Expense Fund. To the extent that the amount required to be deposited into the Rebate Fund exceeds the amount which can be transferred from such Funds, the Trustee shall promptly notify the Borrower and an amount equal to such deficiency shall be paid promptly by the Borrower to the Trustee for deposit into the Rebate Fund.

Notwithstanding any provision of the Indenture or the Loan Agreement to the contrary, unless otherwise agreed in a separate written agreement, the Trustee shall not be liable or responsible for any calculation or determination that may be required in connection with or for the purposes of complying with Section 148 of the Code or any regulations applicable thereto.

Investment of Funds

The Trustee shall invest all moneys in the Acquisition Fund (including the Negative Arbitrage Account therein) and in the Bond Fund pursuant to the related Investment Agreement. Subject to the

provisions of the foregoing sentence, any moneys held as part of any fund created by the Indenture, including the Expense Fund (but excluding the Rebate Fund), shall be invested or reinvested, from time to time, by the Trustee upon receipt by the Trustee of the written directions of the Issuer (as directed in writing by the Borrower) in Permitted Investments having a maturity not exceeding the shorter of (i) the date on which such funds may be needed under the Indenture or (ii) six months. In no event shall a maturity be longer than the longest maturity of the Bonds. If no written investment direction is given to the Trustee by the Issuer, funds shall be invested in investments described in (g) of the definition of Permitted Investments. The investments so made shall be held by the Trustee and shall be deemed at all times to be a part of the account or fund in which such moneys were held; provided that (i) all earnings and gains from the investment of moneys held in the Acquisition Fund (including the Negative Arbitrage Account therein) shall be deposited in the Bond Fund and (ii) for purposes of investment, moneys held in any of the funds established under the Indenture may be commingled (except for the Eligible Funds Account). The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund shall be insufficient to cover a proper disbursement therefrom. For the purpose of determining the amount in any fund, Permitted Investments (other than an Investment Agreement) credited to such fund or account shall be valued at their cost (exclusive of accrued interest after the first payment of interest following acquisition) or market value, whichever is less. The Borrower shall direct investments at the highest yield prudently available consistent with the Indenture. The Trustee may invest through its own bond securities department or affiliate.

Events of Default

Each of the following shall be an “Event of Default” under the Indenture:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal of or premium, if any, on any Bond whether at the stated maturity thereof, or on proceedings for redemption thereof, or on the maturity thereof by declaration; or
- (c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds (subject to the provisions of the Indenture); or
- (d) approval by a court of competent jurisdiction of any petition for reorganization of the Issuer or rearrangement or readjustment of the obligations of the Issuer under the provisions of any bankruptcy law.

Neither the Borrower’s failure to pay obligations owing to the Lender under the Mortgage Loan nor any default or event of default under the Loan Agreement shall constitute an Event of Default under the Indenture.

The Trustee shall give written notice to the Rating Agency of the occurrence of any Event of Default described in (a) or (b) above within 15 days after a Responsible Officer of the Trustee has written notice or actual knowledge thereof.

The Trustee shall not be required to take notice or be deemed to have taken notice of any default or Event of Default hereunder or under the Loan Agreement or any other instrument to which the Trustee is a party in its capacity as Trustee hereunder, unless the Trustee has actual knowledge thereof or specific notice of such default is given to the Trustee in writing by the Issuer, the Lender or the holders of 25% of the Series 2009 Bonds.

Remedies

Upon the occurrence of an Event of Default, the Trustee shall have the power to proceed with any right or remedy granted by the laws of the District, as it may deem best, including, without limitation, any suit, action or special proceeding in equity or at law for the specific performance of any covenant or agreement contained in the Indenture or under the GNMA Securities or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect its rights under the Indenture, insofar as such may be authorized by law and specifically including the right to bring action on behalf of the Bondholders against third parties.

Rights of Bondholders

If any Event of Default has occurred and, subject to the provisions of the Indenture, if requested in writing so to do by the holders of at least 51% of all outstanding Bonds (the "Bond Obligation") and if properly indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture and to proceed to protect its rights and the rights of the Bondholders under applicable law, the GNMA Securities, the GNMA Guaranty Agreement, the Loan Agreement and the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interest of the affected Bondholders. Subject to the provisions of the Indenture, the holders of at least 51% of such Bond Obligation shall have the right at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, in accordance with the provisions of law, the Indenture and the GNMA Securities.

Application of Moneys

Upon occurrence of an Event of Default under the Indenture, the Trustee shall have a first lien with the right of payment prior to the payment of any Bond upon the amounts held under the Indenture for its fees and the foregoing charges and expenses incurred by it. Any moneys received by the Trustee pursuant to the Indenture, together with available funds in the Expense Fund and, after delivery of the PLC and payment of amounts due the Lender therefore, available funds in the Acquisition Fund, the Bond Fund and any other fund or account established under the Indenture, shall, after payment, only in the case of an Event of Default under the Indenture, of the costs and expenses of the proceedings with respect to a default and the fees, liabilities and advances incurred or made by the Trustee (including reasonable counsel fees and expenses) with respect to an Event of Default, be deposited in the Bond Fund and applied in the following order:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full all of the principal of and interest on the Bonds due on any

particular date, then to the payment ratably, according to the amount of the principal and interest due on such date, to the persons entitled thereto.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of all amounts then due on the Bonds for principal of, premium, if any, and interest in respect of which or for the benefit of which money has been collected (other than Bonds which have matured or otherwise become payable prior to such Event of Default and money for the payment of which is held in the Bond Fund), ratably (which payment of premium shall not be restricted to Eligible Funds), without preference or priority of any kind, according to the amounts due and payable on such Bonds, for principal, premium, if any, and interest respectively.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of paragraph (b) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, such moneys shall be applied in accordance with the provisions of the immediately preceding paragraph (a).

Remedies of Bondholders

No holder of any Bond is to have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereunder or for the appointment of a receiver or any other remedy thereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in the Indenture; (b) such default has become an Event of Default; (c) the holders of at least 51% of the Bond Obligation have made written request to the Trustee and have offered reasonable opportunity to the Trustee either to proceed to exercise the powers granted to it in the Indenture or to institute such action, suit or proceeding in its own name; (d) such holders have offered to the Trustee indemnity as provided in the Indenture; and (e) the Trustee within 60 days thereafter fails or refuses to exercise such powers, or to institute such action, suit or proceeding. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or any other remedy under the Indenture; and it is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture or the rights of any other holders of the Bonds or to obtain priority or preference over any other holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all holders of the Bonds with respect to which there is a default. Nothing contained in the Indenture, however, is to affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed in said Bonds.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of a majority of the Bond Obligation; provided, however, that there is not to be waived (a) any default in the payment of the principal of any Bonds at the date of maturity specified therein, or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default has occurred on overdue installments of interest or all arrears of payments of principal or premium, if any,

when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption), as the case may be, and all expenses of the Trustee, in connection with such default, have been paid or provided for, and in case of any such waiver or rescission, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Supplemental Indentures

The Issuer and the Trustee may, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture not inconsistent with the terms and provisions thereof or materially adverse to the interests of the holders of the Bonds, including (without limitation), for any one or more of the following purposes:

(a) To cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture; or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture or materially adverse to the Bondholders, the Trustee being authorized to rely on an opinion of Counsel (including Counsel to the Issuer) with respect thereto;

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

(c) To add to the covenants and agreements of the Issuer in the Indenture other covenants and agreements, to surrender any right or power reserved or conferred upon the Issuer or amend or supplement any other provision of the Indenture if the foregoing shall not, in the judgment of the Trustee, materially adversely affect the interests of the Bondholders, the Trustee being authorized to rely on an opinion of counsel (including counsel to the Issuer) with respect thereto;

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

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

(f) To preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, as set forth in an opinion of Bond Counsel;

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

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

(i) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state securities laws; or

(j) to implement or modify any secondary market disclosure requirements.

With the prior written consent of the holders of not less than two-thirds of the Bond Obligation, the Issuer and the Trustee may, from time to time, enter into supplemental indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the provisions described in this paragraph contained is to permit, or to be construed as permitting (a) an extension of the stated maturity of, or a reduction in the principal amount of, or reduction in the interest rate, or extension of time of payment of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the registered owner of such Bond; (b) the creation of any lien on all or any portion of the Trust Estate prior to or on a parity with the lien of the Indenture without the consent of the holders of all of the Bonds; (c) a reduction in the Bond Obligation, the holders of which are required to approve any such supplemental indenture, without the consent of the holders of all of the Bonds at the time Outstanding which would be affected by the action to be taken; (d) a privilege or priority of any Bond over any other Bonds without the consent of the holders of all Bonds adversely affected thereby; (e) any action which may result in the interest on the Bonds being includable in gross income for federal income tax purposes; or (f) an amendment of the Indenture relating to disposition of the GNMA Securities or relating to acceleration upon an Event of Default described in (c) or (d) under “Events of Default” above, without in each case the consent of the holders of all the Bonds then Outstanding.

Amendment of Certain Documents

The Issuer and the Trustee may make or consent to any amendment, change or modification of the GNMA Securities, the Loan Agreement or the Issuer Regulatory Agreement for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under such documents, as the Issuer and the Trustee may deem necessary or desirable and not inconsistent with such documents or the Indenture and which (i) will not materially and adversely affect the interests of the holders of the Bonds; (ii) are necessary to maintain the then current rating on the Bonds; and (iii) may be necessary, in the opinion of Bond Counsel delivered to the Issuer and the Trustee, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

The Trustee

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties by or through its agents, receivers, employees or attorneys and will be entitled to advice of counsel concerning all matters of the trusts of the Indenture and the duties under the Indenture, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts of the Indenture. The Trustee may act upon the opinion or advice of any attorney, who may be the attorney or attorneys of the Issuer, provided, however, the Trustee shall be liable for its negligence or willful misconduct with respect to the performance of its responsibilities under the Indenture.

The Trustee undertakes to perform only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred which has not been cured, the Trustee shall exercise the rights, duties and powers vested in it by the Indenture in good faith and with that degree of diligence, care and skill which a reasonable fiduciary would exercise under similar circumstances in like situations.

Before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished for the reimbursements of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct by reason of any action so taken.

The Trustee may become the owner or pledgee of the Bonds secured under the Indenture and otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not the Trustee.

The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving written notice to the Issuer, the Lender, the Borrower and each holder of the Bonds then Outstanding; provided that no such resignation will take effect until a successor has been appointed and been accepted by appointment as provided in the Indenture or a temporary trustee shall be appointed as provided in the Indenture.

Satisfaction and Discharge of the Indenture

On and after the PLC Delivery Date, if the Issuer (i) pays or causes to be paid to the holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein, and has paid or caused to be paid all fees and expenses of the Trustee, and (ii) keeps, performs and observes any and all of the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the presents and the estate and rights granted by the Indenture shall cease and be determined to be void, and thereupon the Trustee is to cancel and discharge the lien of the Indenture and execute and deliver to the Issuer such instruments in writing as is to be requisite to satisfy the lien thereof, shall pay to the Issuer any amounts certified by the Issuer to then be due and owing to the Issuer by the Borrower and shall convey to the Borrower the balance of the estate thereby conveyed and is to assign and deliver to the Borrower any interest in property at the time subject to the lien of the Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of and interest and premium, if any, on the Bonds.

All Outstanding Bonds, prior to the maturity or redemption date thereof, shall be deemed to have been paid within the meaning and with the effect described in the paragraph above if the following conditions have been fulfilled: (a) there shall be on deposit with the Trustee either moneys (which are not subject to Section 544, 547 or 550 of the United States Bankruptcy Code or any other bankruptcy laws of the United States) or direct noncallable obligations of the United States of America (which are purchased with moneys which are not subject to Section 544, 547 or 550 of the United States Bankruptcy Code or any other bankruptcy laws of the United States) in an amount verified by an independent accountant or investment banking firm as sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (b) if any of the Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail, as provided in the Indenture, notice of redemption of such Bonds on such date; (c) the Issuer shall have given the Trustee irrevocable instructions to mail, as soon as practicable, in the manner prescribed in the Indenture, a notice to the holders of such Bonds that the deposit required by this paragraph has been made with the Trustee and that the Bonds are deemed to have been paid in accordance with the Indenture and stating the redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds; and (d) the Trustee shall have received the opinion required by the Indenture.

Payments of Funds Upon Discharge of Lien

Upon discharge of the lien of the Indenture in accordance with the Indenture, any moneys remaining in any funds created by the Indenture shall be paid by the Trustee to: (a) the Lender, if within 60 days after receipt of notice from the Trustee of the discharge of the lien of the Indenture, the Lender advises the Trustee in writing that an Event of Default has occurred and is continuing under any of the

FHA Loan Documents and such funds are required to cure the Event of Default in part or completely; or (b) the Issuer if within 60 days after receipt of notice from the Trustee of the discharge of the lien of the Indenture, the Issuer certifies to the Trustee in writing as to any amount due and owing to the Issuer; or (c) otherwise, to the Borrower.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of the Loan Agreement by and among the Issuer, the Borrower the Trustee and the Lender. The summary does not purport to be complete, comprehensive or definitive and reference is made to the full text of the Loan Agreement for a complete recital of terms, a copy of which is on file with the Issuer and the Trustee.

Issuance of Bonds; Loan of Bond Proceeds

In order to provide funds for payment of costs related to financing the Project and the issuance of the Bonds:

The Issuer will simultaneously with the execution and delivery of the Loan Agreement proceed with the issuance and sale of the Bonds. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

Subject to the satisfaction of all of the terms and conditions set forth in that certain Commitment For Insurance of Advances, as amended, issued by HUD (the "FHA Commitment"), with respect to the Mortgage Loan and the requirements of the Lender, the Lender agrees to make the Mortgage Loan to the Borrower and will promptly deliver the GNMA Certificates to the Trustee if and when issued, in accordance with the Indenture. Notwithstanding anything to the contrary contained in the Loan Agreement, the Indenture or any of the other Financing Documents, the Lender shall have no obligation to make the Mortgage Loan unless and until initial endorsement has occurred and all other terms and conditions of said FHA Commitment and the requirements of the Lender have been satisfied.

The Borrower agrees to take all actions required of it to cause the GNMA Certificates to be promptly issued and delivered as contemplated by the Loan Agreement.

In the event that the Mortgage Note commences amortization prior to the Project Loan Certificate Delivery Date, under no circumstances shall the Lender pass through to the Trustee principal payments on the Mortgage Note prior to the Project Loan Certificate Delivery Date; such principal payments shall be paid by the Lender only pursuant to the terms of the Project Loan Certificate, unless otherwise required by GNMA.

Amounts Payable

The Borrower agrees to pay to the Lender the principal of, premium, if any, and interest on the Mortgage Loan at the times, in the manner, in the amounts and at the rate of interest provided in the Mortgage Note. Such rate of interest will be sufficient to pay the ongoing GNMA guaranty and servicing fees and the Pass-Through Rate, which will include payment of the Trustee's Fee, the Issuer's Fee, the Rebate Analyst Fee and the Dissemination Agent's Fee. Additionally, the Borrower agrees to pay all expenses incurred by it, including the expenses of counsel and those incurred in closing the Mortgage Loan, and all fees, costs and other amounts as described in the Loan Agreement.

Borrower Not to Adversely Affect Tax-Exempt Status of Interest on the Bonds

The Borrower, for the benefit of the Issuer, the Trustee and each holder of the Bonds, subject to FHA Regulations and the FHA Loan Documents, covenants in the Loan Agreement that it will not take or fail to take any actions, or make use of the Project or the proceeds of the Bonds, which would cause interest on the Bonds to be, or become includable in the gross income of the Bondholders for federal income tax purposes.

FHA Loan Documents and Regulations Control

To the extent that there is any inconsistency or ambiguity between or among the Loan Agreement, the Indenture or the Issuer Regulatory Agreement, including without limitation, the covenants of the Borrower in the Loan Agreement, the Indenture or the Issuer Regulatory Agreement, and any of the FHA Loan Documents, the GNMA requirements, the National Housing Act and the regulations under such Act; the FHA Loan Documents, the GNMA requirements, the National Housing Act and the regulations under such Act, will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of, the FHA Loan Documents, the National Housing Act and the regulations under such Act, as applicable.

Neither the Issuer nor the Trustee has or will be entitled to assert any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the property other than “Surplus Cash” as defined in the FHA Regulatory Agreement.

Operation of Project; Compliance with Applicable Laws

The Borrower shall operate or cause the Project to be operated as a “housing project” pursuant to Section 220 of the National Housing Act, as “residential rental property” under Section 142(d) of the Code and the Issuer Regulatory Agreement, and as a “housing project” within the meaning of the Act.

Further, all work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state and municipal laws, ordinances, rules and regulations now in force or that may be enacted thereafter.

Continuing Disclosure

The Borrower covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Borrower to comply with the Continuing Disclosure Agreement will not be considered an Event of Default under the Loan Agreement; provided however, that the Trustee, at the written request of the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (only to the extent the Trustee has been provided indemnity satisfactory to it from any costs, liabilities or expenses, including fees and expenses of its attorneys) or any Bondholders may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations pursuant to the Loan Agreement.

Events of Default

Upon receipt by the Trustee of notice of a written violation by the Borrower of, or default by the Borrower under any of the provisions of the Loan Agreement, the FHA Loan Documents or the Issuer Regulatory Agreement, the Trustee or the Issuer at the Issuer’s election shall give written notice thereof to

the Borrower and the Investor by certified mail, postage prepaid, return-receipt requested. If either (a) a violation or default by the Borrower of any of the provisions of the Loan Agreement is not corrected to the reasonable satisfaction of the Trustee within 30 days after the date such notice is received or, if the violation or default (other than a payment default) cannot be corrected within such period or within such longer period as may be necessary, in the reasonable opinion of the Trustee, to correct such violation, provided that the Borrower has commenced and is diligently pursuing appropriate action to correct such violation and there will be no material adverse effect on the rights of the Issuer, the Trustee, the Lender or the Bondholders under the Loan Agreement, the Issuer Regulatory Agreement, any of the FHA Loan Documents or the Indenture as a result of such extension or (b) a violation of or default under any of the provisions of the Issuer Regulatory Agreement is not corrected or cured within any cure period provided therein, without further notice the Trustee may declare a default under the Loan Agreement effective on the date of such declaration of default, and upon such default the Issuer, the Lender or the Trustee may apply to any District, state or federal court having jurisdiction (i) for specific performance of the Loan Agreement or for an injunction against any violation of the Loan Agreement, since the injury to the Issuer, the Lender and the Trustee arising from a default under any of the terms of the Loan Agreement would be irreparable, and the amount of damage would be difficult to ascertain or (ii) for other relief in law or equity which may be appropriate. A default under the Loan Agreement shall not constitute an Event of Default under the Indenture, the FHA Loan Documents or the documents relating to the GNMA Securities. Except as provided in the Loan Agreement, nothing included in the Loan Agreement shall permit the Issuer to recover actual monetary damages from the Borrower upon the occurrence of an event of default under the Loan Agreement.

No Remedy Exclusive

No remedy conferred upon or reserved to the Issuer, the Lender or the Trustee by the Loan 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 Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Lender or the Trustee to exercise any remedy reserved to it in the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in the Loan Agreement.

Obligations of Borrower

The obligations of the Borrower under the Loan Agreement shall be absolute and unconditional, except as HUD or FHA may restrict payment of such obligations to surplus cash, and shall remain in full force and effect until the (i) the entire principal of, premium, if any, and interest on the Bonds and all amounts payable by the Borrower to the Issuer, the Lender or the Trustee under the Financing Documents have been paid or provided for, and (ii) the Mortgage Note has been paid in full, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation certain events as described in the Loan Agreement.

No Pecuniary Liability of Issuer

The parties intend that by reason of making the Loan Agreement, by reason of the issuance of the Bonds, by reason of the performance of any act required of the Issuer by the Loan Agreement, the Issuer Regulatory Agreement or the Indenture, or by reason of the performance of any act requested of the Issuer by the Borrower, or for any other reason, no indebtedness or obligation or pledge of the faith and credit of the Issuer or a debt or pledge of the faith and credit of the District of Columbia or any political

subdivision thereof shall occur. Nevertheless, if the Issuer shall incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold the Issuer harmless by reason thereof. The Borrower agrees to pay the Issuer (or, if the Issuer so elects, to pay directly to the person entitled to payment) for the expenses, if any, incurred by the Issuer in the administration or enforcement of the Loan Agreement, of the Mortgage Loan, of the Bonds and of the Issuer Regulatory Agreement, or for any reason in connection with the issuance of the Bonds, as more specifically set forth in the Loan Agreement.

It is recognized that notwithstanding any other provision of the Loan Agreement, neither the Borrower, the Trustee nor the Lender shall look to the Issuer for damages suffered by the Borrower, the Trustee, the Lender or any Bondholder as a result of the Issuer's performance, failure to perform or insufficient performance of any covenant, undertaking or obligation under the Loan Agreement, the Indenture, the Bonds, the Issuer Regulatory Agreement, any of the FHA Loan Documents or any of the other documents referred to therein, nor as a result of the incorrectness of any representation made by the Issuer in any of such documents. Although the Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in the Loan Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and which the Issuer has not assigned to the Trustee or any other person. The obligation of the Borrower under the Loan Agreement shall survive the termination of the Loan Agreement and the payment and performance of all of the other obligations of the Borrower under the Loan Agreement and under the FHA Loan Documents and the Issuer Regulatory Agreement.

Anything in the Loan Agreement to the contrary notwithstanding, it is expressly understood by the parties to the Loan Agreement that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Lender or the Borrower as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under the Loan Agreement to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Lender or the Borrower and (c) none of the provisions of the Loan Agreement shall 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, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No covenant, stipulation, obligation or agreement of the Issuer contained in the Loan Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any past, present or future member, officer, agent or employee of the Issuer or the Chairman, Vice Chairperson, Executive Director or Secretary in other than that person's official capacity.

Amendments, Changes and Modifications

The Loan Agreement may be amended, changed, modified, altered or terminated only by a written instrument executed by each of the parties thereto, and only as permitted in the Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE ISSUER REGULATORY AGREEMENT

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

Special Tax Covenants

In the Issuer Regulatory Agreement, the Issuer, the Trustee and the Borrower covenant and declare their understanding and intent that the Project is to be owned, managed, and operated as a “qualified residential rental project” as such phrase is used in Sections 142(a)(7) and 142(d) of the Code and that each unit in the Project will be rented or available for rental continuously until termination of the Qualified Project Period. The Issuer and the Borrower independently covenant to take any lawful action to comply fully with all applicable rules, rulings, policies, procedures, regulations, or other official statements promulgated or proposed by the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project. Those actions include the requirement that at all times during the Qualified Project Period, the Borrower will ensure that Qualifying Unit Tenants occupy at least 40% of completed units, unless in the opinion of Bond Counsel occupancy of a lower percentage of units by Qualifying Unit Tenants will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The form of lease to be used by the Borrower in renting any units in the Project to a person who is intended to be a Qualifying Unit Tenant shall provide for termination of the lease as a result of any material misrepresentation made by such person with respect to the income certification evidencing his or her status as a Qualifying Unit Tenant. Each Qualifying Unit Tenant of the Unit shall certify the income of the residents of the Unit annually.

The Borrower has covenanted to prepare and submit to the Issuer certificates executed by the Borrower stating the date upon which those respective percentages of units in the Project were first occupied, and at all times during the Qualified Project Period, the Borrower is to obtain, and maintain on file, income certifications from each Qualifying Unit Tenant residing in the Project as to the anticipated income of such Qualifying Unit Tenant for the period of 12 consecutive months beginning with the date on which the Qualifying Unit Tenant first occupied a unit or first signs a lease for a unit and for each 12 month period thereafter, in the form and manner as may be required by the Issuer and applicable rules, regulations, or policies now or hereafter promulgated by the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. In addition, at all times during the Qualified Project Period, the Borrower is to obtain and maintain on file from each Qualifying Unit Tenant residing in the Project a copy of such Qualifying Unit Tenant’s federal income tax return for the taxable year immediately preceding such Qualifying Unit Tenant’s initial occupancy in the Project and each year thereafter or other satisfactory evidence of income for such year. The Borrower also is to submit to the Secretary of the Treasury (at such time and in such manner as the Secretary prescribes) an annual certification as to whether the Project continues to meet the requirements of Section 142(d) of the Code.

The Project is also intended to qualify as a “qualified low income housing project” under Section 42(g)(1)(B) of the Code. To comply with the applicable provisions of Section 42, the Borrower has covenanted under the Issuer Regulatory Agreement as follows:

(a) During the Compliance Period and the Extended Use Period, the Borrower shall lease no less than 90% of the Units to Qualifying Unit Tenants; and

(b) Rent for each Tax Credit Unit with one or more separate bedrooms shall not exceed 30% of 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.

Event of Default and Enforcement

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation under the Issuer 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 Issuer Regulatory Agreement.

Upon the occurrence of an Event of Default under the Issuer 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 Issuer Regulatory Agreement or such other remedy as may be deemed most effectual by the Issuer or the Trustee to enforce the obligations of the Borrower under the Issuer Regulatory Agreement, and including the appointment of a receiver to operate the Project in compliance with the Issuer 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.

In addition to any and all other available remedies, the Borrower hereby 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 Issuer Regulatory Agreement:

(i) The Borrower hereby acknowledges and agrees that specific performance of the covenants and requirements of Issuer Regulatory Agreement shall be necessary to achieve the intent thereof, and that no appropriate remedy at law would be available upon an Event of Default under the Issuer Regulatory Agreement, or if available, any such remedy would be inadequate to implement the public purposes of the Act and to maintain the tax-exempt status of interest on the Series 2009 Bonds and that the Trustee, the Issuer and the holders of the Series 2009 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 Issuer Regulatory Agreement, the Trustee and the Issuer (subject to the provisions of the Loan Agreement) each will have the right to seek specific performance of any of the covenants and requirements of Issuer Regulatory Agreement concerning the construction, acquisition, equipping and operation of the Project or an order enjoining any violation of Issuer Regulatory Agreement.

(ii) The Borrower hereby agrees that the appointment of a receiver may be necessary to prevent waste to the Project and to maintain the tax-exempt status of interest on the Series 2009 Bonds following an Event of Default by the Borrower under the Issue Regulatory Agreement. The Issuer or Trustee may require the appointment of such a receiver.

In addition to the indemnification provided in the Issuer Regulatory Agreement, the Borrower hereby agrees to pay, indemnify and hold the Issuer and the Trustee harmless from any and all reasonable costs, expenses and fees, including all reasonable attorneys’ fees which may be incurred by the Issuer or

the Trustee in enforcing or attempting to enforce Issuer Regulatory Agreement following an Event of Default on the part of the Borrower under the Issuer Regulatory Agreement or their successors, whether the same shall be enforced by suit or otherwise or incurred by any such party as a result of such Event of Default; together with all reasonable costs, fees and expenses which may be incurred in connection with any amendment to Issuer Regulatory Agreement (or to the Loan Agreement, the Indenture or any other document) or otherwise by the Issuer at the request of the Borrower (including the reasonable fees and expenses of Bond Counsel in connection with any opinion to be rendered under the Issuer Regulatory Agreement).

No remedy conferred upon or reserved to the Issuer or the Trustee by Issuer 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 Issuer Regulatory Agreement, the Loan Agreement, the Indenture or any related documents, 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 Issuer Regulatory Agreement shall impair any such right or power or shall be construed to be a waiver thereof. The Issuer hereby authorizes and directs the Trustee to enforce any and all of the Issuer's rights and remedies under the Issuer Regulatory Agreement on behalf of the Issuer in the event the Issuer fails to exercise the same and the Trustee hereby acknowledges its right to enforce such rights and remedies.

The Trustee and the Issuer (subject to the provisions of the Loan Agreement) shall have the right, either jointly or severally, to enforce Issuer Regulatory Agreement and require curing of an Event of Default by the Borrower under the Issuer Regulatory Agreement in periods shorter than otherwise described in this section, if Bond Counsel shall, in writing, opine to the parties hereto that it is necessary to effect a cure within a shorter period in order to maintain the tax-exempt status of interest on the Series 2009 Bonds.

No Event of Default under Issuer Regulatory Agreement shall constitute a default under the Loan Agreement.

No Event of Default with respect to any Tax Credit requirement shall constitute a default on the Series 2009 Bonds.

From and after the date of Issuer Regulatory Agreement, (i) the liability of the Borrower and the General Partner under the Issuer Regulatory Agreement shall be limited to the Borrower's and the General Partner's interest in the Project and the Borrower's right to receive any proceeds of insurance thereon, and the Issuer and the Trustee shall look exclusively thereto, or to such other security as may from time to time be given or which has been given for payment of the obligations under the Issuer Regulatory Agreement, and any judgment rendered against the Borrower or the General Partner under the Issuer Regulatory Agreement shall be limited to the Project and the Borrower's right to receive any proceeds of insurance thereon, and any other security so given for satisfaction thereof; and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower, its General Partner, or their respective successors, transferees or assigns, in any action or proceeding arising out of Issuer Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing in this section or 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 any trustee under the Issuer Regulatory Agreement, or both of them, or to exercise any right against the Borrower or the General Partner on account of any claim for fraud and deceit and against any other person or entity on account of any claim for fraud and deceit. The Borrower and the General Partner shall be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights, (2) any amount due and owing as a result of any calculation or determination which may be required in

connection with the Series 2009 Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, (3) the indemnification and payment obligations to the Issuer under the Issuer Regulatory Agreement and certain provisions of the Loan Agreement, (4) the misapplication of (i) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Issuer, the Borrower or both are named as insured, by reason of damage, loss or destruction to any portion of the Project, to the full extent of such proceeds, (ii) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of any portion of the Project, to the full extent of such proceeds and awards, (iii) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence and during the continuance of an Event of Default under the Issuer Regulatory Agreement but prior to foreclosure, which are not applied as required by the documents, and (iv) proceeds from the sale of all or any part of the Project (except the proceeds from the sale of any personal property), (5) any payment obligation contained in certain provisions of the Loan Agreement which is not also a payment obligation under the Note, or any other payment obligation contained in the Loan Agreement or in Issuer Regulatory Agreement, including the obligations of the Borrower with respect to the Reserved Rights.

The limit on the Borrower's liability described in this section shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by Issuer Regulatory Agreement, the Loan Agreement or the Note or a release, in whole or in part, or an impairment of the lien and security interest of the Indenture and the Escrow Agreement upon the properties described therein, or enforcing any other Reserved Rights of the Issuer to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Issuer Regulatory Agreement.

The provisions of this sub-section shall survive the termination of the Issuer Regulatory Agreement.

FHA Regulations to Control

Notwithstanding anything in the Issuer Regulatory Agreement to the contrary, except as set forth in the Issuer Regulatory Agreement, the provisions thereof are subordinate to all applicable FHA regulations and related administrative requirements. In the event of any conflict between the provisions of the Issuer Regulatory Agreement and the provisions of any applicable HUD regulations, the related FHA administrative requirements or the loan documents, the HUD regulations or the related HUD/FHA administrative requirements are to control. In addition, a default by the Borrower under the Issuer Regulatory Agreement does not constitute an event of default under the Mortgage or Mortgage Note.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

June 30, 2009

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

\$16,695,000
District of Columbia Housing Finance Agency
Multifamily Housing Revenue Bonds
(Georgia Commons Project)
GNMA Collateralized Series 2009

Ladies and Gentlemen:

We have examined the applicable law, including the District of Columbia Housing Finance Agency Act (Chapter 27, Title 42 of the District of Columbia Official Code, as amended) (the “Act”), and certified copies of proceedings and documents relating to the organization of the District of Columbia Housing Finance Agency (the “Issuer”) and the issuance and sale by the Issuer of its \$16,695,000 Multifamily Housing Revenue Bonds (Georgia Commons Project), GNMA Collateralized Series 2009 (the “Bonds”). The Bonds are issued under and are equally and ratably secured by the Trust Indenture dated as of June 1, 2009 (the “Indenture”), between the Issuer and U.S. Bank National Association (the “Trustee”), which assigns to the Trustee, as security for the Bonds the Issuer’s rights (except for its Reserved Rights) under a Loan Agreement dated as of June 1, 2009 (the “Loan Agreement”), between the Issuer, the Trustee, 3910 Georgia Avenue Associates Limited Partnership 1-A (the “Borrower”) Deutsche Bank Berkshire Mortgage, Inc. (the “Lender”). The Issuer will lend the proceeds of the Bonds to the Borrower, a limited partnership organized and existing under the laws of the District of Columbia, pursuant to the terms of the Loan Agreement, to finance a portion of the cost of acquiring, constructing and equipping of a 130-unit residential rental housing development in the District of Columbia to be known as Georgia Commons Project (the “Project”).

We also have reviewed the Tax Regulatory Agreement dated as of June 1, 2009 (the “Regulatory Agreement”), between the Issuer and the Borrower, which, among other things, sets forth certain federal tax requirements relating to the Bonds. Reference is made to the form of the Bonds for information concerning their details, including payment and redemption provisions, their purpose and proceedings pursuant to which they are issued. Capitalized terms used but not defined herein have the same meanings as set forth in the Indenture, as defined below.

Reference is made to the opinion of Klein Horning LLP, counsel to the Borrower, dated today, as to, among other things, the due authorization, execution and delivery of the Loan Agreement and related documents and the enforceability of such documents against the Borrower, upon which you are relying as to matters therein.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Issuer and the Borrower as to certain facts relevant to both our

opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Issuer and the Borrower have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of proceeds of the Bonds, the use of the Project as a qualified residential rental property within the meaning of Section 142(d)(1) of the Code and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents providing for the issuance of the Bonds (the “Covenants”).

Based on the foregoing, and assuming the due authorization, execution and delivery of the documents described below by parties thereto other than the Issuer, we are of the opinion that:

(1) The Issuer is duly organized and validly existing under the Act and has authority under the Act to execute and deliver the Indenture and to issue and sell the Bonds.

(2) The Bonds have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Issuer payable as to principal, premium, if any, and interest solely from the revenues and receipts pledged thereto pursuant to the Indenture. The Bonds do not constitute a debt or pledge of the faith and credit of the Issuer or the District.

(3) The Indenture, the Loan Agreement and the Regulatory Agreement have been duly authorized, executed and delivered by the Issuer, constitute valid and binding agreements of the Issuer and are enforceable against the Issuer in accordance with their terms.

(4) The rights of the holders of the Bonds and the enforceability of such rights including the enforcement by the Trustee of the obligations of the Issuer under the Indenture, and of the obligations of the Issuer under the Loan Agreement and the Regulatory Agreement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and (b) principles of equity, whether considered at law or in equity.

(5) The Internal Revenue Code of 1986, as amended (the “Code”), contains certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Failure to comply with such requirements may cause the interest on the Bonds to become included in gross income retroactive to the date of issue of the Bonds. The Issuer has covenanted in the Indenture and the Borrower has covenanted in the Loan Agreement and the Regulatory Agreement, to take, or refrain from taking, such actions as are required under the Code to maintain the exclusion from gross income of the interest on the Bonds. Interest on the Bonds is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, except for interest on any Bond for any period during which the Bond is held by a person who is a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Code. The opinion in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for Federal income tax purposes. Failure by the Issuer or Borrower to comply with the Covenants, among other things, could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issuance. Interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted earnings for purposes of computing the alternative tax on corporations. Other provisions of the Code may give rise to adverse federal income tax consequences to particular owners of the Bonds. We express no opinion regarding other federal tax consequences caused by ownership of, or the receipt or accrual of interest on, or disposition of the Bonds.

(6) Under existing law, interest on the Bonds is exempt from income taxation by the District, except estate, inheritance and gift taxes.

In rendering the opinion in paragraph (5) above with respect to the Bonds, we have assumed continuous compliance with certain procedures designed to meet the requirements of Section 142(d) of the Code and the regulations thereunder or applicable thereto, including the requirements that for a period of time specified in Section 142(d) of the Code and the regulations thereunder (i) at least forty percent (40%) of the occupied rental units in a project must be initially occupied, and thereafter occupied or held available for occupancy on a continuous basis by “individuals whose income is sixty percent (60%) or less of area median gross income,” within the meaning of the Code, and (ii) all of the units in a project must be available for rental on a continuous basis.

Our services as bond counsel to the Issuer have been limited to delivering the foregoing opinions based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We express no opinion as to the financial resources of the Borrower, its ability to provide for payment of the Bonds or the accuracy or completeness of any information that may have been relied upon by anyone in making the decision to purchase Bonds.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

16,695,000

**District of Columbia Housing Finance Agency
Multifamily Housing Revenue Bonds
(Georgia Commons Project)
GNMA Collateralized Series 2009**

THIS CONTINUING DISCLOSURE AGREEMENT dated as of June 1, 2009 (this “Disclosure Agreement”) is executed and delivered by 3910 Georgia Avenue Associates Limited Partnership 1-A, a District of Columbia limited partnership (the “Borrower”), Digital Assurance Certification LLC, as Dissemination Agent (the “Dissemination Agent”), and U.S. Bank National Association, 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, Title 42 of the District of Columbia Code), as amended (the “Act”), and the Trust Indenture dated as of June 1, 2009 (the “Indenture”), between the District of Columbia Housing Finance Agency (the “Issuer”) and the Trustee. The Borrower, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. Pursuant to Rule 15c2-12(d)(1)(i) of the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the “Rule”), the Bonds are exempt from the Rule. Notwithstanding the exemption, the Borrower has determined to execute and deliver this Disclosure Agreement by the Borrower, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds.

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 and the Issuer Regulatory Agreement, dated as of June 1, 2009 by and between the Issuer and the Borrower, 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 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 the annual audited financial statements, if any, with respect to the Borrower’s preceding calendar year.

“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 Digital Assurance Certification LLC, 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 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:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related Events of Default under and as defined in the Indenture;
- (iii) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (vii) Modifications to rights of Bondholders;
- (viii) Bond calls (other than mandatory sinking fund redemptions);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

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

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“Participating Underwriters” means Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Institutional Securities, LLC, collectively the Underwriters for 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 April 1 of each year (the “Borrower Report Date”), beginning on or before April 1, 2010, to all Bondholders requesting such information, the Participating Underwriters, the MSRB 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 the MSRB 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 MSRB, 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 Underwriters, the MSRB 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 MSRB 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 the MSRB 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 the MSRB or SID, file a report with the Borrower certifying that the Annual Financial Information has been provided by the Dissemination Agent to the MSRB and SID, if any, pursuant to this Disclosure Agreement, stating the date it was provided and listing the MSRB 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 MSRB 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 Material 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 MSRB and to all Bondholders requesting such information, the Participating Underwriters 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 the MSRB, the Dissemination Agent shall provide such information in a timely manner to the MSRB, and to all Bondholders requesting such information, the Participating Underwriters 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, with the prior written consent of the Issuer, and any provision of this Disclosure Agreement may be waived by the parties hereto, with the prior written consent of the Issuer, 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 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 Underwriters or the Holders of at least a majority 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, the Issuer Regulatory Agreement, the FHA Loan Documents or any other agreements executed in connection with the issuance of the Bonds and the funding of the Mortgage Loan (the "Financing Documents") and the rights and remedies provided by the Indenture, the FHA Loan Documents and the other Financing Documents and the Building 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 VII 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 and Trustee 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 Underwriters 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, 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 the 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, to be paid semi-annually payable from the Expense Fund (as defined in the Indenture) as provided in 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.

3910 GEORGIA AVENUE ASSOCIATES LIMITED PARTNERSHIP 1-A, a District of Columbia limited partnership

JLC-3910 Georgia Avenue, L.L.C.,
a District of Columbia limited liability company,
Co-General Partner

JLC Equity Capital, LLC,
a District of Columbia limited liability company,
Managing Member

By: _____
Name: Jair Lynch
Title: Authorized Agent

AHD Development, LLC,
a District of Columbia limited liability company,
Co-General Partner

By: _____
Name: Donald E. Tucker
Title: Managing Member

SCG Georgia Commons, LLC,
an Illinois limited liability company,
Co-General Partner

Stratford Capital Group LLC,
a Delaware limited liability company,
Sole Member

SCG Capital Corp.,
a Delaware corporation,
Manager

By: _____
Name: Stephen P. Wilson
Title: President (Virginia Office)

[Signatures continued on next page]

[Counterpart signature page to Continuing Disclosure Agreement]

DIGITAL ASSURANCE CERTIFICATION LLC, as
Dissemination Agent

By: _____
Its: _____

[Signatures continued on next page]

[Counterpart signature page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name: M. Dorsel Robinson
Title: Vice President

**EXHIBIT 1
TO DISCLOSURE AGREEMENT
ANNUAL DISCLOSURE REPORT**

**16,695,000
District of Columbia Housing Finance Agency
Multifamily Housing Revenue Bonds
(Georgia Commons Project)
GNMA Collateralized Series 2009**

Report For Period Ending

The Project

Name:

Address:

Occupancy

Number of Units

Number of Units Occupied as of Report Date

Operating History of the Project

The following table sets forth a summary of the operating results of the Project for fiscal year ended __, as derived from the Borrower's [un]audited financial statements.

Revenues

*Operating Expense

Net Operating Income

**Debt Service on the Mortgage Loan

Net Operating Income/(Loss)

After Debt Service

The average occupancy of the Project for the fiscal year ended [] was []%.

GNMA Certificates

Principal amount of Construction Loan Certificates issued to date \$_____.

Principal amount of Project Loan Certificate outstanding \$_____.