NEW ISSUE - Refunding
BOOK ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

$15,780,000
Richmond Redevelopment Agency
Variable Rate Demand Multifamily Housing Revenue Refunding Bonds
(The Summit at Hilltop Apartments), 2003 Series A

Dated: Date of Delivery

The above captioned Bonds (the “Bonds”) are being issued by the Richmond Redevelopment Agency (the “Issuer”) under a Trust Indenture, dated as of August 1, 2003 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), to provide funding for a mortgage loan (a “Loan”) to be made by the Issuer to BRIDGE Housing Acquisitions, Inc. (the “Borrower”). The proceeds of the Loan will be used (i) to prepay an existing loan and to refund the outstanding principal balance of bonds previously issued by the Issuer for the benefit of the Borrower with respect to a 240-unit multifamily rental housing project called The Summit at Hilltop Apartments, located in the City of Richmond, California (the “Project”), (ii) to provide funds for the rehabilitation of the Project and (iii) to pay certain costs of issuing the Bonds. The Loan will be made pursuant to a Financing Agreement, dated as of the date of the Indenture (the “Financing Agreement”), between the Issuer, the Borrower and the Trustee.

The Trustee will act as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co. as nominee for DTC, references herein to the above registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. Purchasers for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

$15,780,000
Richmond Redevelopment Agency
Variable Rate Demand
Multifamily Housing Revenue Refunding Bonds
(The Summit at Hilltop Apartments), 2003 Series A

Maturity Date: September 15, 2033

This OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY DURING THE INITIAL WEEKLY VARIABLE RATE PERIOD, WHICH IS THE PERIOD BEGINNING ON THE CLOSING DATE AND ENDING ON THE DATE ON WHICH THE INTEREST RATE ON THE BONDS IS ADJUSTED TO A RESET RATE OR TO THE FIXED RATE.

As payment of the principal of and interest on the Bonds will be secured, to the extent described herein, by the Loan and by certain other resources and assets constituting the Trust estate under the Indenture, all as described herein. In addition, Fannie Mae has agreed to provide credit enhancement for the Bonds pursuant to and subject to the limitations of a Direct Pay Irrevocable Transferable Credit Enhancement Instrument, dated as of the Closing Date (the “Credit Facility”). The Credit Facility will also provide liquidity support for the purchase of Tendered Bonds.

The Credit Facility may be replaced by an Alternate Credit Facility at the option of the Borrower, which replacement will cause a mandatory tender of the Bonds. The Credit Facility (or an Alternate Credit Facility) will remain in effect at least throughout the initial Weekly Variable Rate Period with respect to the Bonds. See “THE BONDS—Mandatory Tender and Purchase” herein.

The Bonds will be issued as weekly variable rate demand bonds and will bear interest at a Weekly Variable Rate, to be determined on a weekly basis as described herein. Interest on the Bonds will be payable on the thirteenth day of each month, commencing September 15, 2003. Subject to satisfaction of certain conditions in the Indenture, the Bonds may be adjusted to, as permitted by the Indenture, the Reset Rate Mode and the Fixed Rate Mode. If the Bonds are proposed to be adjusted to one of the other Modes, the Bonds will be subject to mandatory tender for purchase. See “THE BONDS—Mandatory Tender and Purchase” herein.

This OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY DURING THE INITIAL WEEKLY VARIABLE RATE PERIOD, WHICH IS THE PERIOD BEGINNING ON THE CLOSING DATE AND ENDING ON THE DATE ON WHICH THE INTEREST RATE ON THE BONDS IS ADJUSTED TO A RESET RATE OR TO THE FIXED RATE.

As payment of the principal of and interest on the Bonds will be secured, to the extent described herein, by the Loan and by certain other resources and assets constituting the Trust estate under the Indenture, all as described herein. In addition, Fannie Mae has agreed to provide credit enhancement for the Bonds pursuant to and subject to the limitations of a Direct Pay Irrevocable Transferable Credit Enhancement Instrument, dated as of the Closing Date (the “Credit Facility”). The Credit Facility will also provide liquidity support for the purchase of Tendered Bonds.

The Credit Facility may be replaced by an Alternate Credit Facility at the option of the Borrower, which replacement will cause a mandatory tender of the Bonds. The Credit Facility (or an Alternate Credit Facility) will remain in effect at least throughout the initial Weekly Variable Rate Period with respect to the Bonds. See “THE BONDS—Mandatory Tender and Purchase” herein.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $100,000 or any integral multiple of $5,000 in excess of $100,000. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Bonds will be made in book entry only form. DTC will act as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the above registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. Purchasers of beneficial interests in the Bonds will not receive physical delivery of Bonds. Payments of principal or, premium, if any, and interest on the Bonds and the payment of the purchase price of tendered Bonds will be made directly to DTC or its nominee, Cede & Co. or, by the Trustee, so long as DTC is the registered owner of the Bonds. The disbursements of such payments will be made by DTC Participants to the beneficial owners of the Bonds. See “THE BONDS—Book-Entry Only” herein.

So long as the Bonds bear interest at a Weekly Variable Rate, the registered owners of the Bonds will have the right to tender their Bonds for purchase to the Tender Agent, at its Principal Office, on any Business Day upon seven days’ written notice. The Bonds are also subject to mandatory tender and purchase as described herein. See “THE BONDS—Optional Tender” and “Mandatory Tender and Purchase” herein. The Bonds are subject to mandatory redemption and optional redemption prior to maturity as described herein. See “THE BONDS—Redemption Provisions” herein.


FANNIE MAE UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER OWNED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY OR INSTRUMENTALITY THEREOF OR OF FANNIE MAE. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Bonds are offered when, as and if issued and received by the Underwriter subject to the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for Fannie Mae by its Legal Department and by its special counsel, O'Melveny & Myers LLP; for the Underwriter by Eichner & Norris PLLC, Washington, DC; and for the Borrower by Goldfarb & Lipman, Oakland, California. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about August 29, 2003.
No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower, Fannie Mae, the Underwriter or the Remarketing Agent to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or 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, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM THE ISSUER, THE BORROWER, FANNIE MAE, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITER, THE REMARKETING AGENT AND THE ISSUER (EXCEPT WITH RESPECT TO THE INFORMATION UNDER THE CAPTIONS "THE ISSUER" AND "NO LITIGATION" (AS IT RELATES TO THE ISSUER) WHICH HAS BEEN PROVIDED BY THE ISSUER), NONE OF WHICH TAKES RESPONSIBILITY FOR ANY OTHER INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

FANNIE MAE HAS NOT PROVIDED OR APPROVED ANY INFORMATION IN THIS OFFICIAL STATEMENT EXCEPT WITH RESPECT TO THE DESCRIPTION UNDER THE CAPTION "FANNIE MAE," TAKES NO RESPONSIBILITY FOR ANY OTHER INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, AND MAKES NO REPRESENTATION AS TO THE CONTENTS OF THIS OFFICIAL STATEMENT (OTHER THAN WITH RESPECT TO THE INFORMATION UNDER THE CAPTION "FANNIE MAE"). WITHOUT LIMITING THE FOREGOING, FANNIE MAE MAKES NO REPRESENTATION AS TO THE SUITABILITY OF THE BONDS FOR ANY INVESTOR, THE FEASIBILITY OR PERFORMANCE OF THE PROJECT, OR COMPLIANCE WITH ANY SECURITIES, TAX OR OTHER LAWS OR REGULATIONS. FANNIE MAE'S ROLE WITH RESPECT TO THE BONDS IS LIMITED TO ISSUING AND DISCHARGING ITS OBLIGATIONS UNDER THE CREDIT FACILITY DESCRIBED HEREIN TO THE TRUSTEE.

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

$15,780,000
Richmond Redevelopment Agency
Variable Rate Demand
Multifamily Housing Revenue Refunding Bonds
(The Summit at Hilltop Apartments),
2003 Series A

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of information in this Official Statement, which includes the cover page and Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices hereto, must be considered in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendices B, E and G attached hereto. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed thereto in the Indenture, the Financing Agreement, the Regulatory Agreement, the Reimbursement Agreement and the Credit Facility (as each such term is hereinafter defined), as applicable.

This Official Statement and the Appendices hereto (this “Official Statement”) set forth certain information relating to the issuance by the Richmond Redevelopment Agency (the “Issuer”) of the above captioned Bonds (the “Bonds”). The Bonds are being issued pursuant to the Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto (the “Act”), and pursuant to a Trust Indenture, dated as of August 1, 2003 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”).

The Bonds are being issued to provide funding for a mortgage loan (the “Loan”) to be made by the Issuer to the Borrower. The proceeds of the Loan will be used by the Borrower (i) to prepay an existing loan and to refund $15,115,000 outstanding principal amount of the Issuer’s $15,605,000 Richmond Redevelopment Agency Multifamily Housing Revenue Bonds (BRIDGE Affordable Housing Program/The Summit at Hilltop Apartments), 1993 Issue A (the “Prior Bonds”), the proceeds of which were used to finance the acquisition, repair and operation by the Borrower of a 240-unit multifamily rental housing project known as The Summit at Hilltop Apartments (the “Project” or the “Mortgaged Property”) located in the City of Richmond, California, (ii) to provide funds for the rehabilitation of the Project and (iii) to pay certain costs of issuing the Bonds. The Loan will be made pursuant to a Financing Agreement, dated as of the date of the Indenture (the “Financing Agreement”), between the Issuer, the Trustee and the Borrower. Pursuant to the Indenture, the Issuer will assign the Financing Agreement (including all of the rights of the Issuer thereunder except for its Reserved Rights), together with other property comprising the Trust Estate, to the Trustee for the benefit of the registered owners of the Bonds and Fannie Mae (“Fannie Mae” or the “Credit Provider”), as their interests may appear.

The Loan will be evidenced by a multifamily note (the “Note”) executed by the Borrower in favor of the Issuer and secured by a first lien priority Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing encumbering the Project (the “Security Instrument”). The Note is a nonrecourse obligation of the Borrower subject to certain limited exceptions. Payments on the Loan will be made by the Borrower to ARCS Commercial Mortgage Co., L.P., a California limited partnership (the “Loan Servicer”) and, in turn, will be remitted by the Loan Servicer, net of certain fees, escrows and other amounts, to Fannie Mae or the Trustee, as appropriate. The principal amount and payment provisions of
the Note have been established and structured so that (a) the aggregate principal amount of the Note will equal the aggregate principal amount of the Outstanding Bonds and (b) the interest payable on the Note will not be less than the interest payable on the Outstanding Bonds. The payments required to be made by the Borrower under the Note, if timely made by the Borrower, are intended to be sufficient in amount to pay, when due, the principal of and interest on the Outstanding Bonds.

On the Closing Date, the Issuer will, pursuant to the Assignment and Intercreditor Agreement, dated as of August 1, 2003 (the “Assignment”) among the Issuer, the Trustee and Fannie Mae and acknowledged, accepted and agreed to by the Borrower, assign the Loan, the Note and the Security Instrument, without recourse, to the Trustee and Fannie Mae. Upon such assignment, the Loan will be part of the Trust Estate. Pursuant to the Assignment, Fannie Mae has the exclusive right to use all rights and remedies (other than Reserved Rights) under the Note, the Security Instrument, the Financing Agreement and all of the other Loan Documents (the “Assigned Documents”). Fannie Mae also has the right at any time, upon filing with the Trustee a certification reaffirming Fannie Mae’s obligations under the Credit Facility, to direct the Trustee to assign all of its right, title and interest in and to the Assigned Documents to Fannie Mae.


The Loan will be made by the Issuer on the Closing Date in accordance with Fannie Mae requirements and subject to the terms and conditions of a Commitment (the “Fannie Mae Commitment”) issued by Fannie Mae to the Loan Servicer with respect to the Loan. Under the Fannie Mae Commitment, Fannie Mae has agreed, in connection with the Loan, but subject to the terms and conditions of the Fannie Mae Commitment, to provide credit enhancement for the Loan and liquidity support for the Bonds pursuant to, and subject to, the limitations of a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “Credit Facility”), a form of which is attached hereto as Appendix E. The obligation of the Borrower to reimburse Fannie Mae for any funds provided by Fannie Mae under the Credit Facility will be set forth in a Reimbursement Agreement, dated as of the date of the Indenture (the “Reimbursement Agreement”), between the Borrower and Fannie Mae.

In order to assure compliance with the applicable provisions of the Internal Revenue Code of 1986 (the “Code”) and the Act, the Borrower, the Trustee and the Issuer entered into a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 1993, as amended by a First Amendment to Regulatory Agreement, dated as of the date of the Indenture (collectively, the “Regulatory Agreement”). The Regulatory Agreement may require that certain of the residential rental units in the Project be occupied or held for occupancy by tenants with incomes below the levels and at the restricted rents described herein under “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” See also “APPENDIX H—THE BORROWER AND THE PROJECT.”
FANNIE MAE’S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT FACILITY. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER OWNED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY OR INSTRUMENTALITY THEREOF OR OF FANNIE MAE. THE BONDS ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Brief descriptions of the Bonds, the sources of payment for the Bonds, the Issuer, Fannie Mae, the Borrower, the Management Company and the Project and summaries of the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Facility, the Reimbursement Agreement and the Note are attached as appendices to this Official Statement. The information concerning Fannie Mae in this Official Statement has been obtained from Fannie Mae, and none of the Issuer, the Borrower, the Trustee or the Underwriter takes responsibility for the accuracy thereof. All references herein to the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Facility, the Reimbursement Agreement and the Note and all other documents and agreements described herein are qualified in their entirety by reference to such documents and agreements, and all references to the Bonds are qualified by reference to the form thereof included in the Indenture, copies of which are available for inspection at the corporate trust office of the Trustee.

THE BONDS

General

The Bonds will be dated and will mature on the maturity dates set forth on the cover hereof. Interest on the Bonds will be payable to the registered owner thereof, as of the close of business on the applicable Record Date, in accordance with the terms set forth in the Indenture, on each Interest Payment Date. The initial rate of interest on the Bonds will be determined on or before the Closing Date and will be effective through and including September 10, 2003. Thereafter, the interest rate on the Bonds will be determined by the Remarketing Agent on each Rate Determination Date and will be the minimum rate of interest necessary, in the best professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Bonds on the applicable Rate Determination Date at par, plus accrued interest, if any, thereon for that Week (the "Weekly Variable Rate"). The Weekly Variable Rate determined will be effective for the seven-day period beginning on Thursday of each week through and including the following Wednesday. The Remarketing Agent will provide notice of each Weekly Variable Rate (a) before 5:00 p.m., Eastern Time, on the Rate Determination Date by telephone to any Beneficial Owner upon request and to the Trustee and the Loan Servicer, and (b) not later than the next Business Day to the remaining Remarketing Notice Parties by Electronic Means. Interest on the Bonds during the Weekly Variable Rate Period will be computed on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed.

If the Remarketing Agent fails or refuses to determine the Weekly Variable Rate applicable for any Week, the interest rate to be borne by the Bonds during such Week shall be the latest BMA Index Rate published on or before the Rate Determination Date, or, in the event the BMA Index Rate is no longer published, the last Weekly Variable Rate for the Bonds determined by the Remarketing Agent. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions." The interest rate on the Bonds may not exceed the Maximum Rate.
Adjustment of the Interest Rate on the Bonds

At the option of the Borrower, the interest rate on all Outstanding Bonds may be adjusted on any Interest Payment Date from the Weekly Variable Rate to a Reset Rate for a Reset Period selected by the Borrower (and with the prior written consent of Fannie Mae if such Reset Period is of a term less than ten years) or to the Fixed Rate for the Fixed Rate Period (the date of such adjustment is an “Adjustment Date”).

The Bonds are subject to mandatory tender and purchase on each Adjustment Date, as set forth in, and in accordance with, the Indenture. See “THE BONDS—Mandatory Tender and Purchase” below.

This Official Statement describes the Bonds only during the initial Weekly Variable Rate Period, which is the period beginning on the Closing Date and ending on the date on which the interest rate on the Bonds is adjusted to a Reset Rate or to the Fixed Rate.

Optional Tender

General. During any Weekly Variable Rate Period, the Trustee shall purchase any Bond on behalf of and as agent for the Borrower, but solely from the sources provided in the Indenture, on the demand of the Beneficial Owner of such Bond. The purchase price of any Bond tendered for purchase shall be 100% of the principal amount of such Bond plus accrued interest, if any, to the date of purchase. The Beneficial Owner may demand purchase of its Bond by delivery of a Bondholder Tender Notice complying with the requirements of the Indenture to the Tender Agent at its Designated Office on any Business Day. Any Bondholder Tender Notice received by the Tender Agent after 3:30 p.m. Eastern Time on a Business Day will be treated as received at 9:00 a.m. Eastern Time on the following Business Day. The date of purchase shall be the date selected by the Beneficial Owner in the Bondholder Tender Notice; provided, however, that such date is a Business Day which is at least seven days after the date of the delivery of the Bondholder Tender Notice to the Tender Agent. A Bondholder Tender Notice complies with the requirements of the Indenture if it:

(a) is accompanied by a guaranty of signature acceptable to the Tender Agent; and

(b) contains the CUSIP number of the Bond, the principal amount to be purchased (or portion of a Bond, provided that the retained portion is an Authorized Denomination), the name, address and tax identification number or social security number of the Beneficial Owner of the Bond demanding such payment and the purchase date.

Irrevocability of Tender. By delivering a Bondholder Tender Notice, subject to provisions related to the Book-Entry System, the Beneficial Owner has irrevocably agreed to deliver the Tendered Bond (with an appropriate transfer of registration form executed in blank and accompanied by a guaranty of signature satisfactory to the Tender Agent) to the Designated Office of the Tender Agent or any other address designated by the Tender Agent, at or prior to 10:00 a.m., Eastern Time, on the date of purchase specified in the Bondholder Tender Notice. Any election by a Beneficial Owner to tender a Bond or Bonds (or portion of a Bond or Bonds) for purchase on a Business Day in accordance with the Indenture shall also be binding on any transferee of the Beneficial Owner making such election.

Compliance with Tender Requirements. Bonds shall be required to be purchased as described above and provided in the Indenture only if the Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the Bondholder Tender Notice. The Tender Agent shall determine in its sole discretion whether a Bondholder Tender Notice complies with the requirements provided in the Indenture and whether Bonds delivered conform in all respects to the description thereof in the
Bondholder Tender Notice. Such determination shall be binding on the other Remarketing Notice Parties and the Beneficial Owner of the Bonds.

**Untendered Bonds.** If after delivery of a Bondholder Tender Notice to the Tender Agent the holder making such election fails to deliver any of the Bonds described in the Bondholder Tender Notice as required by the Indenture, each untendered Bond or portion of such untendered Bond ("Untendered Bond") described in such Bondholder Tender Notice shall be deemed to have been tendered to the Tender Agent for purchase, to the extent that there is on deposit in the Bond Purchase Fund on the applicable purchase date an amount sufficient to pay the purchase price of such Untendered Bond, and such Untendered Bond from and after such purchase date shall cease to bear interest and no longer be considered to be Outstanding. The Trustee will promptly give notice by registered or certified first class mail, postage prepaid, to each Beneficial Owner of any Bond which has been deemed to have been purchased, pursuant to the Indenture, which notice will state that interest on such Untendered Bond ceased to accrue from and after the date of purchase and that moneys representing the purchase price of such Untendered Bond are available against delivery of such Untendered Bond at the Designated Office of the Tender Agent. The Issuer shall sign and the Tender Agent shall authenticate and deliver for redelivery in accordance with the Indenture a new Bond or Bonds in replacement of the Untendered Bond not so delivered. The replacement of any Bond will not be deemed to create new indebtedness, but will be deemed to evidence the indebtedness previously evidenced by the Untendered Bond.

**Notice of Bondholder Tender Notice.** Immediately upon receipt of a copy of a Bondholder Tender Notice, the Tender Agent is to notify the other Remarketing Notice Parties by telephone, promptly confirmed in writing, of such receipt, specifying the contents of such Bondholder Tender Notice.

**Book-Entry Only.** Notwithstanding the above, as provided in the Indenture, during any period that the Bonds are Book-Entry Bonds, (a) any Bondholder Tender Notice also must (i) provide evidence satisfactory to the Tender Agent that the party delivering the notice is the Beneficial Owner of the Bond(s) or a custodian for the Beneficial Owner referred to in the notice and (ii) if the Beneficial Owner is other than a DTC Participant, identify the DTC Participant through whom the Beneficial Owner will direct transfer; (b) on or before the purchase date, the Beneficial Owner must direct (or if the Beneficial Owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Bond(s) on the records of DTC to the account of, or as directed by, the Trustee; (c) Tendered Bond(s) will be purchased without physical delivery as if such Bond(s) had been so delivered and (d) the purchase price of such Bond(s) will be paid to DTC.

**Purchase of Bond in Part.** Upon surrender of any Bond for purchase in part only, the Issuer will execute and the Tender Agent will authenticate and deliver to the holder of such Bond a new Bond or Bonds of the same maturity and interest rate, of Authorized Denominations, in an aggregate principal amount equal to the unpurchased portion of the Bond surrendered.

**Payment and Sources of Purchase Price.** The Tender Agent will make payment for any Tendered Bond to the Registered Owner at or before 4:00 p.m., Eastern Time, on the date for purchase specified in the Bondholder Tender Notice, first, from remarketing proceeds on deposit in the Bond Purchase Fund, second, from proceeds of a payment under the Credit Facility, and third, from the Borrower. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Credit Facility."

**Mandatory Tender and Purchase**

**General.** The Bonds are subject to mandatory tender and purchase by the Trustee on behalf of and as agent for the Borrower on each Mandatory Tender Date. Mandatory Tender Date includes each Adjustment Date (even if a proposed change in mode fails to occur), each Substitution Date, each
Extension Date and each date described below under the caption “Mandatory Tender Upon Default; Notice.” Such purchase will be at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest, if any, to the applicable Mandatory Tender Date.

**Mandatory Tender Dates (Other Than Upon Default); Notice.** The holders of the Bonds shall be required to tender their Bonds to the Tender Agent for purchase on each Mandatory Tender Date by the Trustee acting on behalf of and as agent for the Borrower, but solely from the sources provided in the Indenture, at a purchase price equal to 100 percent of the principal amount of the Bonds plus accrued interest to the applicable Mandatory Tender Date. The Owner of any Bond may not elect to retain its Bond. Mandatory Tender Dates include each Adjustment Date (even if a proposed change in Mode fails to occur), each Substitution Date and each Extension Date. The Trustee shall give notice of Mandatory Tender Dates as follows:

1. Not less than 30 days before any proposed Adjustment Date, the Trustee shall give notice by first class mail, postage prepaid, to the Bondholders stating the information required to be set forth in notices pursuant to the applicable provisions of the Indenture.

2. Not less than ten days before any Substitution Date, the Trustee shall give notice by first class mail, postage prepaid, to the Bondholders stating (A) an Alternate Credit Facility will be substituted for the Credit Facility then in effect, (B) the Substitution Date, (C) that the Bonds are required to be tendered on the Substitution Date and (D) that Bondholders will not have the right to elect to retain their Bonds.

3. Not less than ten days before any Extension Date, if the Trustee has not received a binding commitment to extend the applicable Alternate Credit Facility, the Trustee shall give notice by first class mail, postage prepaid, to the Bondholders stating (i) the Extension Date and that no commitment to extend the Alternate Credit Facility then in effect has been received by the Trustee, (ii) that such Bonds are required to be tendered on the Extension Date (unless an extension of the Alternate Credit Facility is received prior to the Extension Date), and (iii) that the Bondholders will not have the right to elect to retain such Bonds if an extension of the Alternate Credit Facility is not received.

**Mandatory Tender Upon Default; Notice.** The Bonds are subject to mandatory tender upon receipt by the Trustee of written notice from the Credit Provider stating that an Event of Default under the Reimbursement Agreement has occurred and directing that the Bonds be subject to mandatory tender. Such mandatory tender is to be made on the earliest practicable date, after notice of tender has been given to Bondholders and shall be payable solely from the sources specified in the Indenture at a purchase price equal to 100 percent of the principal amount of the Bonds plus accrued interest to the Mandatory Tender Date. The Owner of any Bond may not elect to retain its Bond. Immediately upon receipt by the Trustee of such written notice from the Credit Provider, the Trustee is required to give notice by first class mail, postage prepaid, to the owners of the Bonds stating that (a) such event has occurred, (b) the Bonds are required to be tendered on the Mandatory Tender Date specified in such notice, and (c) the Bondholders will not have the right to elect to retain their Bonds.

**Untendered Bonds.** Any Bond which is not tendered on a Mandatory Tender Date (“Untendered Bond”) will be deemed to have been tendered to the Tender Agent as of such Mandatory Tender Date, and, from and after such Mandatory Tender Date, shall cease to bear interest and no longer will be considered to be Outstanding. In the event of a failure by owners to deliver Bonds on the Mandatory Tender Date, such Owners will not be entitled to any payment (including any interest to accrue from and after the Mandatory Tender Date) other than the purchase price for such Untendered Bond, and any Untendered Bond will no longer be entitled to the benefits of the Indenture, except for the purpose of
payment of the purchase price for such Untendered Bond. The Issuer shall sign, and the Tender Agent shall authenticate and deliver to the Remarketing Agent for redelivery to the purchaser, a new Bond in replacement of the Untendered Bond. The replacement of any such Untendered Bond shall not be deemed to create new indebtedness, but shall be deemed to evidence the indebtedness previously evidenced by the Untendered Bond.

**Payment and Sources of Purchase Price.** The Tender Agent is to make payment for Bonds purchased pursuant to the Indenture at or before 4:00 p.m. Eastern Time on the Mandatory Tender Date. The Trustee shall pay the purchase price:

(a) for Bonds purchased pursuant to the provisions of the Indenture described above under the caption “Mandatory Tender Dates (Other Than Upon Default); Notice,” first from remarketing proceeds on deposit in the Bond Purchase Fund, second, from proceeds of a payment under the Credit Facility, and third, from the Borrower.

(b) for Bonds purchased pursuant to the provisions of the Indenture described above under the caption “Mandatory Tender Upon Default; Notice,” first, from proceeds of a payment under the Credit Facility, and second, from the Borrower.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Credit Facility” herein.

**Purchase Price Moneys Held in Trust.** Following any Mandatory Tender Date, moneys deposited with the Tender Agent for the purchase of Bonds are to be held in trust in the Bond Purchase Fund and are to be paid to the former owners of such Bonds upon presentation of such Bonds at the Designated Office of the Tender Agent. The Tender Agent is to promptly give notice by registered or certified first class mail, postage prepaid, to each Registered Owner of Bonds whose Bonds are deemed to have been purchased stating that interest on such Bonds ceased to accrue on the date of purchase and that moneys representing the purchase price of such Bonds are available against delivery of such Bonds at the Designated Office of the Tender Agent. During any period that the Bonds are Book-Entry Bonds, (i) any notice delivered pursuant to the terms of the Indenture is to be given only to the entity designated in the Letter of Representations, as required by the Indenture and (ii) it will not be necessary for Bond(s) to be physically delivered on the date specified for purchase of such Bond(s), but such purchase is to be made as if such Bond(s) had been so delivered, and the purchase price of such Bond(s) is to be paid to DTC.

**No Sales After Wrongful Dishonor; No Purchase After Acceleration**

Notwithstanding anything in the Indenture to the contrary, no Bonds shall be remarketed if the Trustee has given notice to the Remarketing Agent that a Wrongful Dishonor has occurred and is continuing. No Bonds, other than Pledged Bonds, shall be purchased if the Trustee has given notice to the Remarketing Agent that there has occurred and is continuing an acceleration of the Bonds pursuant to the Indenture.

**Redemption Provisions**

**Optional Redemption.** The Bonds are subject to optional redemption in whole or part upon optional prepayment of the Loan by the Borrower. Optional redemptions may be made on any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the Redemption Date.

**Mandatory Redemption.** The Bonds are subject to mandatory redemption as provided in the Indenture on the earliest practicable Redemption Date for which timely notice of redemption can be given.
pursuant to the Indenture following the occurrence of the event requiring such redemption. The principal of and accrued interest on any Bond being redeemed pursuant to the terms of the Indenture will be paid from an Advance under the Credit Facility. Bonds will be redeemed at a redemption price equal to 100 percent of the principal amount of such Bonds plus accrued interest to the Redemption Date. Bonds subject to mandatory redemption in part will be redeemed in Authorized Denominations or will be redeemed in such amounts so that the Bonds Outstanding following the redemption are in Authorized Denominations. If the Trustee receives an amount for the mandatory redemption of Bonds which is not equal to a whole integral multiple of the Authorized Denomination, the Trustee will redeem Bonds in an amount equal to the next lowest whole integral multiple of the Authorized Denomination to the amount received by the Trustee and hold any excess amount in the Redemption Account.

(a) **Casualty or Condemnation.** The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Project ("Proceeds") are applied in accordance with the Security Instrument, to the prepayment of the Loan.

(b) **Principal Reserve Fund.** The Bonds shall be redeemed in whole or in part (i) on each Adjustment Date in an amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account pursuant to the provisions of the Indenture described in paragraph (e) under “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Principal Reserve Fund – Disbursements from the Principal Reserve Fund” herein; and (ii) on any Interest Payment Date in an amount equal to the amount that has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account pursuant to the provisions of the Indenture described in paragraph (f) under “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Principal Reserve Fund – Disbursements from the Principal Reserve Fund” herein.

(c) **After an Event of Default Under the Reimbursement Agreement.** The Bonds will be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Bonds be redeemed following any Event of Default under the Reimbursement Agreement. The Redemption Date shall be the earliest practicable date, but in no event shall such redemption occur later than two Business Days prior to the date, if any, that the Credit Facility terminates on account of the Credit Provider’s giving of direction to the Trustee to redeem all of the Bonds.

**Notice of Redemption**

The Trustee will give notice of redemption by first class mail, postage prepaid, not less than 10 days prior to the specified Redemption Date, to the Registered Owner of each Bond to be redeemed at the address of such Registered Owner as shown on the Bond Register. With respect to Book-Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee will not be required to give the notice described in the immediately preceding sentence. Anything to the contrary in the Indenture notwithstanding, in the case of any redemption of Bonds as described in subparagraph (c) under the heading “—Mandatory Redemption” above, the Trustee will give immediate notice of redemption. In the case of an optional redemption of Bonds, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds including Available Moneys to pay any redemption premium in full (“Conditional Redemption”), and such notice and optional redemption shall be of no effect if either (i) by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds and sufficient Available Moneys to pay any redemption premium have not been deposited with the Trustee, or, if such moneys are deposited, are not available or (ii) the Trustee at the direction of the Credit Provider, rescinds such notice on or prior to the scheduled redemption date. The Trustee shall cause a second notice of
redemption to be sent by first class mail, postage prepaid, on or within 10 days after the thirtieth day after the Redemption Date to any Bondholder who has not submitted its Bond to the Trustee for payment. The Trustee shall provide copies of all notices and all revocations of notices given under the provisions of the Indenture described in this section to the Credit Provider and the Loan Servicer at the same time it gives notices to Bondholders.

Each notice of redemption must state: (i) the date of the redemption notice; (ii) the Closing Date and the complete official name of the Bonds, including the series designation; (iii) for each Bond to be redeemed, the interest rate or that the interest rate is variable, maturity date and in the case of a partial redemption of Bonds, the principal amount of each Bond to be redeemed; (iv) the CUSIP numbers of all Bonds being redeemed; (v) the place or places where the Bonds to be redeemed must be surrendered for payment and where amounts due upon such redemption will be payable upon surrender of the Bonds to be redeemed; (vi) the Redemption Date and redemption price of each Bond to be redeemed; (vii) the name, address, telephone number and contact person at the office of the Trustee with respect to such redemption; (viii) that interest on all Bonds to be redeemed will not accrue from and after the Redemption Date; (ix) if a redemption is a Conditional Redemption, that redemption is conditional upon receipt by the Trustee of sufficient moneys to redeem the Bonds including Available Moneys to pay any redemption premium and (x) that the Credit Provider may direct the Trustee to cancel such redemption upon the occurrence of any Event of Default under the Reimbursement Agreement.

At the same time notice of redemption is sent to the Registered Owners the Trustee shall send notice of redemption by first class mail, overnight delivery service or such other overnight means as is acceptable to the recipient, postage or service prepaid (or as specified otherwise in the Indenture) (i) to the Rating Agency, (ii) if the Bonds are not subject to the Book-Entry System, to certain municipal registered Securities Depositories which are known to the Trustee, on the second Business Day prior to the date the notice of redemption is mailed to the Bondholders, to be holding Bonds, and (iii) at least two of the national Information Services that disseminate securities redemption notices.

If notice is given as stated in the Indenture, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

The Trustee shall rescind any Conditional Redemption if the requirements of the Indenture described in the first paragraph under the heading "—Notice of Redemption" above have not been met on or before the Redemption Date or the Trustee has received a direction to cancel the Conditional Redemption from the Credit Provider. The Trustee shall give notice of rescission by the same means as is provided in the Indenture for the giving of notice of redemption or by Electronic Means confirmed in writing. The optional redemption shall be canceled once the Trustee has given notice of rescission. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the Redemption Date shall constitute an Event of Default. Notwithstanding notice having been given in the manner provided above, any optional redemption of Bonds shall be canceled with the consent of or at the direction of the Credit Provider if the Credit Provider has notified the Trustee in writing that an Event of Default under the Reimbursement Agreement has occurred.

**Redemption Payments**

If notice of redemption has been given and the conditions for such redemption, if applicable, have been met, the Bonds called for redemption shall become due and payable on the Redemption Date, interest on those Bonds will cease to accrue from and after the Redemption Date and the called Bonds will no longer be Outstanding. 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 upon surrender of such Bonds to the Trustee. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds will be held in trust for the account of the holders of the Bonds to be redeemed. If less than the entire principal amount of a Bond is called for redemption, the Issuer is to execute, and the Trustee is to authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge by the Issuer or the Trustee to the Bondholder, in exchange for the unredeemed principal amount of such Bond, a new Bond or Bonds of the same interest rate, maturity and term, in any Authorized Denomination, in aggregate principal amount equal to the unredeemed balance of the principal amount of the Bond so surrendered.

Selection of Bonds to be Redeemed Upon Partial Redemption

If less than all the Outstanding Bonds are called for redemption, the Trustee shall select by lot, in such manner as it determines in its discretion, the Bonds, or portions of the Bonds in Authorized Denominations, to be redeemed. In the selection process (i) any Pledged Bonds Outstanding will be called for redemption before any other Bonds are selected for redemption, and (ii) if applicable, the Bonds with the highest interest rate will be called for redemption before any other Bonds are selected for redemption. For the purposes of the provisions described under this heading, Bonds which have previously been selected for redemption will not be deemed Outstanding. Notwithstanding the foregoing, the Securities Depository for Book-Entry Bonds shall select the Bonds for redemption within particular maturities according to its stated procedures.

Purchase of Bonds in Lieu of Redemption

Purchase. Purchase in lieu of redemption will be available for all of the Bonds called for redemption or for such lesser portion of such Bonds as constitute Authorized Denominations. The Credit Provider or the Borrower with the written consent of the Credit Provider may direct the Trustee to purchase all or such lesser portion of the Bonds so called for redemption. In no event will Fannie Mae in its capacity as Credit Provider purchase Bonds for its own account in lieu of redemption without the prior written consent of the General Counsel to Fannie Mae. Any such direction to the Trustee must:

(a) be in writing;

(b) state either that all of the Bonds called for redemption are to be purchased or, if less than all of the Bonds called for redemption are to be purchased, identify those Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and

(c) be received by the Trustee no later than 12:00 noon one Business Day prior to the Redemption Date.

If so directed, the Trustee shall purchase such Bonds on the date which otherwise would be the Redemption Date. Any of the Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by the Indenture on the Redemption Date.

Withdrawal of Direction to Purchase. On or prior to the scheduled redemption date, any direction given to the Trustee pursuant to the provisions of the Indenture described in this section or any consent given by the Credit Provider to such a direction may be withdrawn by written notice to the Trustee. Subject generally to the Indenture, should a direction to purchase or the consent of the Credit Provider be withdrawn, the scheduled redemption of such Bonds will occur.
**Purchaser.** If the purchase is directed by the Credit Provider, the purchase will be made for the account of the Credit Provider or its designee. If the purchase is directed by the Borrower with the consent of the Credit Provider, the purchase shall be made for the account of the Borrower or its designee.

**Purchase Price.** The purchase price of the Bonds will be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Bonds on the Redemption Date for such redemption. To pay the purchase price of such Bonds, the Trustee shall use such funds, if any, in:

(a) the Credit Facility Account to pay the principal and interest components of the purchase price; and

(b) the Redemption Account to pay the redemption premium component of the purchase price;

that the Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Bonds on the Redemption Date. Otherwise, the Trustee will pay the purchase price only from Available Moneys. The Trustee shall not purchase the Bonds pursuant to this section if by no later than the Redemption Date, sufficient moneys have not been deposited with the Trustee, or such moneys are deposited, but are not available.

**No Notice to Bondholders.** No notice of the purchase in lieu of redemption will be required to be given to the Bondholders (other than the notice of redemption otherwise required under the Indenture).

All Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided funds for their redemption have been duly deposited with the Trustee pursuant to the Indenture and, thereafter, the owners of such Bonds called for redemption shall have no rights in respect thereof, except to receive payment of the redemption price for such Bonds.

**Book-Entry Only**

The information in this section concerning The Depository Trust Company ("DTC") and DTC’s Book-Entry System has been obtained from DTC. None of the Issuer, Fannie Mae or the Borrower makes any representation or warranty or take any responsibility for the accuracy or completeness of such information.

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct
Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from 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 nor its nominee, the Remarketing Agent, or the 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 the Issuer or the Remarketing 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 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent’s DTC account.

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

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

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

**Remarketing Agent**

Pursuant to a Remarketing Agreement executed and delivered with respect to the Bonds, dated as of the date of the Indenture (the “Remarketing Agreement”), by and between Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the “Remarketing Agent”) and the Borrower, the Remarketing Agent has been appointed to serve as remarketing agent. The Remarketing Agent will determine the interest rates on the Bonds and is required to use its best efforts to remarket the Bonds.
ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the Bonds and certain other funds are expected to be applied as follows:

**Sources of Funds**

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<thead>
<tr>
<th>Sources of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Proceeds</td>
<td>$15,780,000</td>
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<tr>
<td>Funds Under Prior Indenture</td>
<td>$2,391,158</td>
</tr>
<tr>
<td>Borrower Equity</td>
<td>$34,623</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$18,205,781</strong></td>
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</table>

**Uses of Funds**

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redemption of Prior Bonds</td>
<td>$16,117,562</td>
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<tr>
<td>Bond Proceeds Remaining in Loan Fund</td>
<td>$1,307,219</td>
</tr>
<tr>
<td>Deposit to Costs of Issuance Fund</td>
<td>$781,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$18,205,781</strong></td>
</tr>
</tbody>
</table>

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

**General**

Under the terms of the Indenture, the Bonds are secured by the Credit Facility and by a pledge of the Trust Estate comprised of the following:

(a) all right, title and interest of the Issuer in and to the Loan, including the Note, the Security Instrument and the other Loan Documents and in and to the Financing Agreement, reserving, however, the Reserved Rights;

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

(c) all right, title and interest of the Issuer in and to the Revenues, the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Bonds, and all Funds and Accounts under the Indenture (including, without limitation, moneys, documents, securities, investments, Investment Income, instruments and general intangibles on deposit or otherwise held by the Trustee) but excluding all moneys in the Fees Account, the Rebate Fund and the Costs of Issuance Fund unless and to the extent funded with Net Bond Proceeds (including within such exclusion Investment Income retained in the Costs of Issuance Fund and the Rebate Fund);

(d) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind to the Trustee as additional security under the Indenture for the benefit of the Bondholders and the Credit Provider; and

(e) all of the proceeds of the foregoing, including, without limitation, Investments and Investment Income (except as excluded above).

The foregoing (collectively the “Trust Estate”) are pledged for the equal and proportionate benefit, security and protection (subject to the terms of the Indenture) of (a) all Registered Owners of the Bonds, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of
the other Bonds and (b) the Credit Provider to secure the payment of all amounts owed to the Credit Provider under the Credit Facility Documents. Under the Assignment, Fannie Mae has the right to direct the Trustee to assign the Loan to Fannie Mae, but only upon filing with the Trustee a certification reaffirming Fannie Mae's obligations under the Credit Facility. Fannie Mae is obligated to assign the Loan Rights to the Trustee upon any Wrongful Dishonor (as defined in the Assignment).

Credit Facility

In addition to the other security provided under the Indenture, the Loan and the Bonds will be secured by the Credit Facility. The form of Credit Facility is attached hereto at Appendix E.

Limited Liability


THE ISSUER

The City Council of the City of Richmond (the "City") organized the Issuer by Ordinance No. 4687 in October 1949 to exercise the powers granted by the Act.

The Issuer was one of the first redevelopment agencies formed in the United States and its original objectives were to acquire and clear wartime housing, provide new housing for low and moderate income families and upgrade and broaden the City's economic base through development of industrial parks and commercial areas. To accomplish these objectives, the Issuer has formed and administered eleven redevelopment projects.

The Issuer has the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue bonds and expend the proceeds. The Issuer can clear buildings and other improvements, can develop as a building site any real property owned or acquired, and in connection with such development, can cause streets, highways and sidewalks to be constructed or reconstructed and public utilities to be installed.

Governance and Administration

The Issuer is administered by a governing board of nine members (the "Board"), who are the elected Mayor and members of the City Council. Pursuant to the Act, the Issuer is a separate public body and exercises governmental functions in planning and implementing improvement projects.
The members of the Issuer, their respective positions on the Board and the ending date of their respective terms follow.

<table>
<thead>
<tr>
<th>Member</th>
<th>Board Position</th>
<th>Term Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irma L. Anderson</td>
<td>Chair</td>
<td>November 21, 2005</td>
</tr>
<tr>
<td>Mindell Lewis Penn</td>
<td>Vice Chair</td>
<td>November 17, 2003</td>
</tr>
<tr>
<td>Nathaniel Bates</td>
<td>Member</td>
<td>November 17, 2003</td>
</tr>
<tr>
<td>Charles H. Belcher</td>
<td>Member</td>
<td>November 17, 2003</td>
</tr>
<tr>
<td>Gary Bell</td>
<td>Member</td>
<td>November 17, 2003</td>
</tr>
<tr>
<td>Richard L. Griffin</td>
<td>Member</td>
<td>November 21, 2005</td>
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<tr>
<td>Thomas K. Butt</td>
<td>Member</td>
<td>November 17, 2003</td>
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<tr>
<td>Jim Rogers</td>
<td>Member</td>
<td>November 21, 2005</td>
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<tr>
<td>Maria Viramontes</td>
<td>Member</td>
<td>November 21, 2005</td>
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</tbody>
</table>

A discussion of senior management of the Issuer and City and their respective positions and duties follows.

*Isiah Turner.* Chief Executive Officer of the Issuer and City Manager, brings 30 years of administrative and leadership experience to the City. Under his leadership, the City has experienced collaboration among public agencies, community based organizations, labor, education and the business community. Mr. Turner is responsible for developing the One Stop Career Center and RichmondWORKS, which serve the employment and training needs of the City and have resulted in over 15,000 jobs for City residents. Currently, he is leading a redevelopment program that will create 5,000 new jobs; build 2,500 new homes ranging in cost from $170,000 to $750,000; develop a transit village in old downtown Richmond; revitalize the old Ford Building; and create three retail/commercial centers in the Hilltop and Marina area and in the Richmond Annex area. His background includes serving in the Washington State Governor's Cabinet as Commissioner of the Washington State Employment Security Department, during which time he managed a department of 2,700 employees with an operating budget of $150 million. Mr. Turner is an appointed member of California State Governor Gray Davis' Workforce Investment Board and the California Association of Local Economic Development Board of Directors. Mr. Turner has a Bachelor of Arts degree from Evergreen State College in Washington State and is a graduate of the John F. Kennedy School of Government Program for Senior Executives in State and Local Government, Harvard University, Cambridge Massachusetts.

*Steve Duran.* Redevelopment Director of the Issuer, has served in that capacity since June, 2002. Mr. Duran’s experience includes 30 years of real estate and redevelopment experience, most of which was in the private sector. Mr. Duran came to the city from the San Jose Redevelopment Agency, where he served as a Senior Negotiations Officer before being promoted to manager, downtown Development and Implementation. Mr. Duran holds an A.S. Degree in Real Estate from Contra Costa College, a B.S. Degree in Business Administration from California State University at Hayward and an M.B.A. in Management from Golden Gate University.

*Anna A. Vega.* Treasurer of the Issuer and Director of Finance of the City, has been the City’s Director of Finance since 1998. Ms. Vega’s experience includes serving as Finance Director for the City of San Jacinto and the City of Colton and over 25 years of municipal government experience. She has overseen redevelopment and land based financings, as well as financings for water, wastewater and electric utility systems. She earned a Bachelor of Business Administration from National University and a Master’s Degree in public administration from California State University, San Bernardino. Ms. Vega is a member of the California Municipal Treasurers Association, the California Society of Municipal Finance Officers and the Government Finance Officers Association.
Wayne Nishioka, Esq., was appointed Acting City Attorney in July 2003. Mr. Nishioka has worked in the Richmond City Attorney’s Office since 1983.

FANNIE MAE

The following information in this section “FANNIE MAE” is provided by Fannie Mae. Neither the Issuer, the Borrower nor the Underwriter, makes any representation as to its accuracy.

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. It is the largest investor in home mortgage loans in the United States with a net portfolio of $823 billion of mortgage loans as of March 31, 2003. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

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

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

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

As of March 31, 2003, Fannie Mae’s core capital\(^1\) was $29.5 billion. Information on Fannie Mae and its financial condition is contained in Fannie Mae’s most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC’s website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae’s website at www.fanniemae.com/ir/sec.

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

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\(^1\) Core Capital is the sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings.
THE LOAN SERVICER

The Loan Servicer will perform mortgage servicing functions with respect to the Loan on behalf of Fannie Mae and in accordance with Fannie Mae’s requirements. The servicing arrangements between Fannie Mae and the Loan Servicer for the servicing of the Loan are solely between Fannie Mae and the Loan Servicer and neither the Issuer nor the Trustee is deemed to be party thereto or has any claim, right, obligation, duty or liability with respect to the servicing of the Loan.

The Loan Servicer will be obligated, pursuant to its arrangements with Fannie Mae and Fannie Mae’s servicing requirements, to perform diligently all services and duties customary to the servicing of mortgages, as well as those specifically prescribed by Fannie Mae. Fannie Mae will monitor the Loan Servicer’s performance and has the right to remove the Loan Servicer with or without cause. The duties performed by the Loan Servicer include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts and collection of insurance claims. In addition, the Loan Servicer has certain billing, collection and remittance obligations under the Assignment and the Note.

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

The Loan Servicer is an approved DUS seller/servicer under Fannie Mae’s Delegated Underwriting and Servicing product line.

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

THE TRUSTEE

U.S. Bank National Association will act as Trustee pursuant to the Indenture. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Bonds, or the investment quality of the Bonds. The mailing address of Trustee is U.S. Bank National Association, 1 California Street, Suite 2550, San Francisco, California 94111. Except for the contents in this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

BONDHOLDERS’ RISKS

Purchase of the Bonds involves certain investment risks. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the
Bonds are an appropriate investment. Certain of the risks associated with the purchase of the Bonds are described below. The following list of possible factors, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Bonds. THIS DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, COMPREHENSIVE OR EXHAUSTIVE.

No Acceleration or Redemption Upon Loss of Tax Exemption

The Borrower has covenanted and agreed to comply with the provisions of the Code relating to the exclusion from gross income of the interest payable on the Bonds for federal income tax purposes, and the financing documents contain provisions and procedures designed to assure compliance with such covenant. However, the Borrower’s covenant to comply with the requirements of the Code is nonrecourse to the Borrower, and the Borrower’s liability is limited to the revenues and assets comprising the Project. Furthermore, the Borrower’s failure to comply with such provisions will not constitute a default under the Indenture and will not give rise to a redemption or acceleration of the Loan or the Bonds (unless Fannie Mae determines, in its sole and absolute discretion, that such failure will constitute such a default (see “THE BONDS—Redemption Provisions—Mandatory Redemption” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies—Nondefault and Prohibition of Mandatory Redemption Upon Tax Event”). Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower’s failure to comply with the requirements of the Code, and the Issuer and the Trustee will not have remedies available to them to mitigate the adverse economic effects to the owners of the Bonds of such inclusion by reason of the Borrower’s noncompliance.

Performance of the Project

No assurance can be given as to the future performance of the Project. If there is a default by the Borrower under the Financing Agreement, including the failure by the Borrower to pay on the date due any amounts required to be paid by the Borrower under the Financing Agreement, the Note or the Security Instrument, Fannie Mae may give notice to the Trustee that it elects to accelerate the Bonds. Upon receipt of such notice, the Trustee is required pursuant to the Indenture to declare the principal amount of the Bonds to be immediately due and payable and immediately demand payment under the Credit Facility, which amounts will be applied to pay the principal of and interest on the Bonds. No premium will be paid on the Bonds in the event of the declaration of acceleration of maturity of the Bonds. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Defaults and Remedies,” “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT—Events of Default” and “—Remedies Upon an Event of Default” and “APPENDIX H—THE BORROWER AND THE PROJECT.”

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in
adjusted current earnings when calculating federal corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

In addition, Bond Counsel has relied on the opinion of Goldfarb & Lipman, special counsel to the Borrower, regarding the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Code, the intended operation of the facilities to be refinanced by the Bonds as substantially related to the Borrower’s charitable purpose under Section 513 of the Code, and other matters. Neither Bond Counsel nor special counsel to the Borrower can give or has given any opinion or assurance about the future activities of the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service (the “IRS”). Failure of the Borrower to be organized and operated in accordance with the IRS’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of original issuance of the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Borrower have covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original delivery of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of delivery of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of Bond Counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an Bondholder’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations which present similar tax issues, will not affect the market price for the Bonds.
LEGAL MATTERS

In connection with the issuance of the Bonds, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, will render an opinion a form of which is attached hereto as Appendix A. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement or other offering material relating to the Bonds. Certain legal matters will be passed on for Fannie Mae by its Legal Department and by its special counsel, O'Melveny & Myers LLP; for the Borrower by Goldfarb & Lipman, Oakland, California; and for the Underwriter by its counsel, Eichner & Norris PLLC, Washington, D.C. Fees and expenses of certain of the above mentioned counsel are contingent upon issuance of the Bonds.

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

NO LITIGATION

To the best knowledge of the Issuer, there is no action, suit or proceeding pending or threatened restraining or enjoining the execution or delivery of the Bonds or in any way contesting or affecting the validity of the foregoing.

To the best knowledge of the Borrower, there is no pending or threatened action, suit or proceeding seeking to restrain or enjoin the execution or delivery of the Bonds or in any way contesting or affecting the validity of the foregoing or which in any way contests the existence or powers of the Borrower, and there is no pending or threatened action, suit or proceeding pending against or relating to the Borrower or the Project or which could have a material adverse effect on the financial condition or operation of the Borrower or the Project.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the Owners of the Bonds upon an Event of Default under the Financing Agreement, the Regulatory 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, including specifically the Federal Bankruptcy Code (Title 11 of the United States Code), the remedies provided for under the Federal Bankruptcy Code, the Financing Agreement, the Regulatory Agreement or the Indenture may not be readily available or may be limited.

In addition, the Financing Agreement and Regulatory Agreement provide that the obligations of the Borrower contained in such agreements will be unsecured and limited obligations (other than certain obligations to the Issuer and the Trustee individually and not on behalf of the Owners of the Bonds, which obligations will not be limited) payable solely from the income and assets of the Project, and no affiliate of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.
The various legal opinions to be delivered in connection with the delivery of the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement and the Security Instrument will be qualified to the extent that the enforceability of certain legal rights related to the Bonds, the Indenture, the Financing Agreement and the Regulatory Agreement are subject to limitations imposed by such things as the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity), including judicial limitations on rights to specific performance and bankruptcy, insolvency, reorganization.

RATINGS

Moody’s Investors Service, Inc. has given the Bonds the ratings set forth on the cover page of this Official Statement. Such rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, the rating agency bases its ratings on information and material so furnished and on investigations, studies and assumptions made by it. The rating reflects only the views of the rating agency and an explanation of the significance of such rating may be obtained from it. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Underwriter 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

Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the “Underwriter”) has agreed to purchase the Bonds and will be paid an underwriter’s fee equal to 0.70% of the principal amount of the Bonds, plus certain expenses. The initial public offering prices may be changed from time to time by the Underwriter.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering price stated on the cover of this Official Statement.

In addition to serving as Underwriter, Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. has been designated to serve as Remarketing Agent and will receive an on-going fee for its remarketing services so long as it continues to serve as Remarketing Agent.

MISCELLANEOUS

Copies of the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Facility, the Security Instrument, the Note and the Reimbursement Agreement are on file at the office of the Trustee and are available for inspection upon request.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds.
RICHMOND REDEVELOPMENT AGENCY

By: [Signature]

Redevelopment Director

[Signatures continue on following page]
RICHMOND REDEVELOPMENT AGENCY

By: /s/ Steve Duran
    Redevelopment Director

[Signatures continue on following page]
BRIDGE HOUSING ACQUISITIONS, INC., a California nonprofit public benefit corporation

By: /s/ Lydia Tan
   Lydia Tan, Vice President
BRIDGE HOUSING ACQUISITIONS, INC., a California nonprofit public benefit corporation

By: Lydia Tan, Vice President
APPENDIX A

PROPOSED FORM OF BOND COUNSEL OPINION

August 29, 2003

Richmond Redevelopment Agency
Richmond, California

Richmond Redevelopment Agency
Variable Rate Demand Multifamily Housing Revenue Bonds
(The Summit at Hilltop Apartments), 2003 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Richmond Redevelopment Agency (the “Issuer”) of $15,780,000 aggregate principal amount of Variable Rate Demand Multifamily Housing Revenue Bonds (The Summit at Hilltop Apartments), 2003 Series A (the “Bonds”). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto, and a Trust Indenture, dated as of August 1, 2003 (the “Trust Indenture”), by and between the Issuer and U.S. Bank National Association, as Trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

In such connection, we have reviewed the Trust Indenture, the Financing Agreement, and Regulatory Agreement, the Tax Certificate and Agreement, of even date herewith between the Issuer and the Borrower (the “Tax Certificate”), certificates of the Issuer, the Borrower, the Trustee and others, opinions of counsel to the Issuer, the Borrower, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have assumed, without undertaking to verify, the genuineness of such documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified in such documents and certificates, the correctness of the legal conclusions contained in such opinions, and the due and legal execution of such documents and certificates by, and validity thereof against, any parties other than the Issuer.

We have relied on the opinion of Goldfarb & Lipman, special counsel to the Borrower regarding, among other matters, the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the intended operation of the facilities to be financed by the Bonds as substantially related to the Borrower’s charitable purpose under Section 513 of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.
Certain agreements, requirements and procedures contained or referred to in the Trust Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. Furthermore, we have assumed compliance with the covenants and agreements contained in the Trust Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we have assumed that actions of the Borrower and other persons will not cause any of the Bonds to exceed the $150,000,000 limitation on qualified 501(c)(3) bonds that do not finance hospital facilities set forth in Section 145(b) of the Code. We call attention to the fact that the rights and obligations under the Bonds, the Trust Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents described herein, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Trust Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the official statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California, and has lawful authority to issue the Bonds.

2. The Bonds constitute the valid and binding limited obligations of the Issuer, payable solely from the Security and other assets pledged therefor under the Trust Indenture.

3. The Trust Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Trust Indenture creates a valid pledge, to secure the payment of the principal of and interest and any premium on the Bonds, of the Security, subject to the provisions of the Trust Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Indenture.

4. The Bonds do not constitute a debt or liability of the City of Richmond, the State of California or any political subdivision thereof, other than the Issuer, or a pledge of the faith and credit of
the City of Richmond, the State of California or any such political subdivision, other than the Issuer to the extent provided in the Trust Indenture.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Definitions

The following are definitions set forth in the Indenture and used in this Official Statement:

"Account" means an account established within a Fund.

"Achievement Agreement" means the Achievement Agreement, dated as of August 1, 2003, between the Borrower and the Credit Provider, as such agreement may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Act" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

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

"Adjustment Date" means any date on which the interest rate on the Bonds is adjusted to a different Mode or to a different Reset Rate. An Adjustment Date may only occur on an Interest Payment Date or, if such date is not a Business Day, the following Business Day. Any Reset Date and the Fixed Rate Adjustment Date are Adjustment Dates.

"Advance" means an advance made under the Credit Facility.

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

"Alternate Credit Facility" means a letter of credit (whether or not so named), surety bond, insurance policy, standby bond purchase agreement, credit enhancement instrument, collateral purchase agreement, mortgage backed security or similar agreement, instrument or facility (other than the initial Credit Facility) provided in accordance with the Financing Agreement.

"Alternate Credit Provider" means the provider of an Alternate Credit Facility.

"Assigned Rights" has the meaning given to that term in the Assignment.

"Assignment" means the Assignment and Intercreditor Agreement, dated as of August 1, 2003, among the Issuer, the Trustee and Fannie Mae, and acknowledged and agreed to by the Borrower, as it may be amended, supplemented or restated from time to time.
"as their interests may appear" or "as its interest may appear" means, with reference to any of the Assigned Rights, the respective interests, exclusive of the Reserved Rights of the Issuer, of Fannie Mae and of the Trustee to such documents and rights as set forth in the Assignment.

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

"Authorized Denomination" means (a) during any Weekly Variable Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000, and (b) during any Reset Period or the Fixed Rate Period, $5,000 or any integral multiple of $5,000.

"Authorized Officer" means the Chair, Vice Chair, Redevelopment Director, Secretary and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds.

"Available Moneys" means, as of any date of determination, any of (a) the proceeds of the Bonds, (b) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer or any guarantor of the Loan), (c) moneys received by the Trustee pursuant to a draw on the Credit Facility, (d) any other amounts, including the proceeds of refunding bonds, for which, in each case, the Trustee has received an Opinion of Counsel acceptable to each Rating Agency to the effect that 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) or be avoidable as preferential payments under Section 544, 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code; (e) the price paid by the Credit Provider for the purchase of Bonds in lieu of redemption pursuant to the Indenture; and (f) Investment Income derived from the investment of moneys described in clause (a), (b), (c) or (d).

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

"Beneficial Owner" means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

"BMA Index Rate" means the rate published in The Bond Market Association Municipal Swap Index, produced by Municipal Market Data, a Thomson Financial Services Company, or its successors.

"Bond" or "Bonds" means the Issuer's Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A in the original aggregate principal amount of $15,780,000.
"Bond Counsel" means (a) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds or (b) after the Closing Date, any law firm selected by the Issuer and acceptable to the Credit Provider, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest payable on bonds issued by states and political subdivisions.

"Bond Documents" means the Assignment, the Bonds, the Bond Purchase Agreement, the Credit Facility, the Financing Agreement, the Indenture, the Regulatory Agreement (and any other agreement relating to rental restrictions on the Mortgaged Property), the Remarketing Agreement, the Tax Certificate, any Tender Agent Agreement, and all other documents, instruments and agreements executed and delivered in connection with the issuance, sale, delivery and/or remarketing of the Bonds, as each such agreement or instrument may be amended, supplemented or restated from time to time.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated as of August 28, 2003, among the Underwriter, the Issuer and the Borrower.

"Bond Purchase Fund" means the Bond Purchase Fund created and established by the Indenture.

"Bond Register" means the Bond Register maintained by the Trustee pursuant to the Indenture.

"Bond Resolution" means the resolution adopted by the Issuer on July 29, 2003, authorizing and approving the issuance and sale of the Bonds and the execution and delivery of the Indenture, the Assignment, the Bond Purchase Agreement, the Financing Agreement, the Loan Documents, the Regulatory Agreement, the Tax Certificate and certain other documents, making certain appointments and determining certain details with respect to the Bonds.

"Bondholder," "holder," "Owner," "owner," "Registered Owner" or "registered owner" means, with respect to any Bond, the owner of the Bond as shown on the Bond Register.

"Bondholder Tender Notice" means a written notice meeting the requirements of the Indenture.

"Book-Entry Bonds" means that part of the Bonds for which a Securities Depository or its nominee is the Bondholder.

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

"Borrower" means BRIDGE Housing Acquisitions, Inc., a California nonprofit public benefit corporation.

"Borrower Documents" means the Bond Documents to which the Borrower is a party, the Credit Facility Documents to which the Borrower is a party, and the Loan Documents and all other documents to which the Borrower is a party and which are being executed and delivered by the Borrower in connection with the transactions provided for in the Bond Documents, the Loan Documents and the Credit Facility Documents. Any Forward Commitment Deposit Fee Instrument (as that term is defined in the Reimbursement Agreement) is not a Borrower Document.

"Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (c) any day on which banking institutions located in the city or cities in which the Designated Office of the Trustee, the Remarketing Agent or the Loan Servicer is located are required
or authorized by law or executive order to close, (d) prior to the Fixed Rate Adjustment Date, a day on which the New York Stock Exchange is closed, (e) so long as a Credit Facility is in effect, any day on which the Credit Provider is closed.

"Certificate of Borrower" means the Certificate of Borrower dated as of the Closing Date, as it may be amended, supplemented or restated from time to time.

"Closing Date" means the date on which the Bonds are issued and delivered to or upon the order of the Underwriter.

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

"Conditional Redemption" means a redemption where the Trustee has stated in the notice of redemption that the redemption is conditioned upon deposit of funds as further described in the Indenture.

"Costs of Issuance" means:

(a) the fees, costs and expenses of (i) the Issuer, the Issuer’s counsel and the Issuer’s financial advisor, if any, (ii) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter’s counsel, (iii) Bond Counsel, (iv) the Trustee and the Trustee’s counsel, (v) the Loan Servicer and the Loan Servicer’s counsel, if any, (vi) the Credit Provider and the Credit Provider’s counsel, (vii) the Borrower’s counsel and the Borrower’s financial advisor, if any, and (viii) the Rating Agency;

(b) costs of printing the offering documents relating to the sale of the Bonds; and

(c) all other fees, costs and expenses directly associated with the authorization issuance, sale and delivery of the Bonds, including printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and expenses required to be paid to the Loan Servicer in connection with the origination of the Loan.

"Costs of Issuance Deposit" means the deposit to be made by the Borrower with the Trustee on the Closing Date to pay Costs of Issuance.

"Costs of Issuance Fund" means the Costs of Issuance Fund created and established by the Indenture.

"Credit Facility" means the Credit Enhancement Instrument, dated the Closing Date, issued by Fannie Mae to the Trustee, or any Alternate Credit Facility in effect at the time, as any such facility may be amended, supplemented or restated from time to time.

"Credit Facility Account" means the Credit Facility Account of the Revenue Fund.

"Credit Facility Documents" means the Reimbursement Agreement, the Certificate of Borrower, all Collateral Agreements (as that term is defined in the Security Instrument), the Hedge Documents, the
Hedge Reserve Escrow Account Security Agreement, the Hedge Security Agreement, the Operating Reserve Agreement, the Pledge Agreement, the Achievement Agreement and all other agreements and documents securing the Credit Provider or otherwise relating to the provision of the Credit Facility, as any such agreement may be amended, supplemented or restated from time to time.

“Credit Provider” means, so long as the initial Credit Facility is in effect, Fannie Mae, or so long as any Alternate Credit Facility is in effect, the Alternate Credit Provider then obligated under the Alternate Credit Facility.

“Custodian” means the custodian under the Pledge Agreement.

“DTC” means The Depository Trust Company and any successor to it or any nominee of it.

“DTC Participant” has the meaning given to that term in the Indenture.

“Electronic Means” means a facsimile transmission or any other electronic means of communication approved in writing by the Credit Provider.

“Event of Default” means, as used in any Transaction Document, any event described in that document as an Event of Default. Any “Event of Default” as described in any Transaction Document is not an “Event of Default” in any other Transaction Document unless that other Transaction Document specifically so provides.

“Extension Date” means, with respect to an Alternate Credit Facility, the date which is five Business Days prior to the expiration date of the Alternate Credit Facility.

“Extraordinary Items” means, with respect to the Trustee, reasonable compensation for extraordinary services and/or reimbursement for reasonable extraordinary costs and expenses including reasonable fees and expenses of its counsel.

“Facility Fee” has the meaning given to that term in the Reimbursement Agreement.


“Fees Account” means the Fees Account of the Revenue Fund.

“Financing Agreement” means the Financing Agreement, dated as of August 1, 2003, among the Issuer, the Trustee and the Borrower, as amended, supplemented or restated from time to time.

“Fixed Rate” means the rate of interest borne by the Bonds as determined in accordance with the Indenture.

“Fixed Rate Adjustment Date” means the date on which the interest rate on the Bonds adjusts from the Weekly Variable Rate or a Reset Rate to the Fixed Rate pursuant to the Indenture.

“Fixed Rate Period” means the period beginning on the Fixed Rate Adjustment Date and ending on the Maturity Date.

“Fund” means any fund created and established by the Indenture.
“Government Obligations” means direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, the full faith and credit of the United States of America.

“Hedge Documents” has the meaning given that term in the Hedge Security Agreement.

“Hedge Reserve Escrow Account Security Agreement” means the Hedge Reserve Escrow Account Security Agreement, dated as of the date of the Indenture, among the Borrower, the Loan Servicer and Fannie Mae.

“Hedge Security Agreement” means the Hedge Security Agreement dated as of the date of the Indenture, among the Borrower, the Loan Servicer and Fannie Mae, as amended, supplemented or restated from time to time.

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

“Indenture” means the Trust Indenture, as amended, supplemented or restated from time to time.

“Interest Account” means the Interest Account of the Revenue Fund.

“Interest Payment Date” means (a) during any Weekly Variable Rate Period, the 15th day of each calendar month, commencing September 15, 2003; (b) during any Reset Period and during the Fixed Rate Period each March 15 and September 15 following the Adjustment Date, provided that the first Interest Payment Date during any such period may only occur on a date which is at least 30 days after the Adjustment Date; (c) each Adjustment Date; (d) for Bonds subject to redemption in whole or in part on any date, the date of such redemption; (e) the Maturity Date; and (f) for all Bonds, any date determined pursuant to the Indenture.

“Interest Requirement” means (a) during the Weekly Variable Rate Period, 34 days’ interest on the Bonds at the Maximum Rate on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed and (b) during a Reset Period or the Fixed Rate Period, 210 days’ interest at, respectively, the Reset Rate or the Fixed Rate, as the case may be, on the basis of a year of 360 days of twelve 30 day months; or, in the case of either (a) or (b), such other number of days as may be required by the Rating Agency.
“Investment” means any Permitted Investment and any other investment held under the Indenture that does not constitute a Permitted Investment.

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

“Issuer” means Richmond Redevelopment Agency, a public body corporate and politic, duly organized and existing under the laws of the State of California, and its successors and assigns.

“Issuer Documents” means the Assignment, the Bonds, Financing Agreement, the Indenture, the Loan Documents to which the Issuer is a party, the Regulatory Agreement and the Tax Certificate.

“Issuer’s Fee” means the Issuer’s issuance fee of $157,800 payable upon the issuance of the Bonds, plus the Issuer’s annual fee in an amount equal to .25 percent outstanding principal amount of the Bonds payable in advance, by the Borrower under the Financing Agreement.

“Letter of Representations” means when all the Bonds are Book-Entry Bonds, the Letter of Representations executed by the Issuer and the Trustee and delivered to the Securities Depository, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Loan” means the loan made by the Issuer to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to repay the Prior Loan and cause the refunding of the Prior Bonds and to finance the rehabilitation of the Mortgaged Property.

“Loan Documents” means, collectively, the Note, the Security Instrument and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Neither the Financing Agreement nor the Regulatory Agreement is a Loan Document and neither document is secured by the Security Instrument.

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

“Loan Servicer” means the multifamily mortgage loan servicer designated from time to time by the Credit Provider.

“Mandatory Tender Date” means any date on which Bonds are required to be tendered pursuant to the Indenture, including any Adjustment Date, Substitution Date, Extension Date or date specified by the Trustee as provided in the Indenture as described herein under the heading “THE BONDS—Mandatory Tender and Purchase—Mandatory Tender Upon Default; Notice.”

“Maturity Date” means September 15, 2033, or in the event the Bonds are adjusted to the Fixed Rate Mode and a Sinking Fund Schedule is established, the maturity date of all serial Bonds, if any.

“Maximum Rate” means 12 percent per annum; provided, however, that the Maximum Rate may be increased if the Trustee receives (a) the written consent of the Credit Provider and the Borrower to a specified higher Maximum Rate, not to exceed the lesser of the maximum rate permitted by law to be paid on the Bonds and the maximum rate chargeable on the Loan, (b) an opinion of Bond Counsel to the effect that such higher Maximum Rate is permitted by law and will not adversely affect either the validity of the Bonds or the exclusion of the interest payable on the Bonds from gross income for federal income tax purposes, and (c) a new or amended Credit Facility in an amount equal to the sum of (i) the then
outstanding principal amount of the Bonds and (ii) the new Interest Requirement calculated using the new Maximum Rate.

“Mode” means any of the Weekly Variable Rate, the Reset Rate and the Fixed Rate.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Credit Provider, as assigns credit ratings.

“Mortgaged Property” means the real property described in the Security Instrument, together with all improvements, fixtures and personal property (to the extent of the Borrower’s interest therein) and located on such real property.

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

“Note” means the Multifamily Note (together with all addenda thereto), dated as of August 1, 2003, executed by the Borrower in favor of the Issuer, as it may be amended, supplemented or restated from time to time or any mortgage note executed in substitution therefor in accordance with the Bond Documents, as such substitute note may be amended, supplemented or restated from time to time.

“Note Interest” has the meaning given to that term in the Note.

“Operating Reserve Agreement” means the Operating Reserve and Security Agreement dated as of August 1, 2003, among the Borrower, the Loan Servicer, as collateral agent for the Credit Provider, and the Credit Provider, as such agreement may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

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

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

(a) Bonds cancelled or delivered for cancellation at or prior to such date;

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

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

In determining whether the owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned or held by or for the account of the Borrower and Pledged Bonds will be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are Pledged Bonds, Bonds owned or held by or for the account of the Borrower or a combination of Pledged Bonds and Bonds owned by or held for the account

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of the Borrower. In determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that are registered in the name of or known by the Trustee to be held for the account of the Borrower, including Pledged Bonds, will be disregarded.

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

(a) Government Obligations.

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

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

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

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

(g) An agreement held by the Trustee for the investment of moneys at a guaranteed rate with (i) the Credit Provider or (ii) a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category; provided that such agreement is in a form acceptable to the Credit Provider; and provided further that such agreement includes the following restrictions:

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

(ii) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and, if applicable, the guarantor or insurer of the agreement;
the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Highest Rating Category, the provider must, within 10 days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount sufficient to maintain the then current rating of the Bonds, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, so as to maintain the then current rating of the Bonds, (B) at the request of the Trustee or the Credit Provider repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category. The agreement may provide that the downgraded provider may elect which of the remedies to the downgrade (other than the remedy set out in (B)) to perform.

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

Any other investment authorized by the laws of the State, if such investment is approved in writing by the Credit Provider and each Rating Agency.

Permitted Investments shall not include any of the following:

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

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

(4) Any interest only or principal only stripped security;

(5) Any obligation bearing interest at an inverse floating rate;

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

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

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

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

“Person” means a natural person, estate, trust, corporation, partnership, limited liability company, association, public body or any other organization or entity (whether governmental or private).

“Pledge Agreement” means the Pledged Bonds, Custody and Security Agreement, dated as of August 1, 2003, among the Borrower, U.S. Bank National Association, as collateral agent for the Credit Provider, and the Credit Provider, as such agreement may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Pledged Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Borrower with the proceeds of an Advance under the Credit Facility, to, but excluding, the date on which the Pledged Bonds Advance made by the Credit Provider on account of such Pledged Bond is reinstated under the Credit Facility.

“Potential Default” means, as used in any Transaction Document, any event that has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default as described in that document. Any “Potential Default” as described in any Transaction Document is not a “Potential Default” in any other Transaction Document unless that other Transaction Document specifically so provides.

“Preference Claim” has the meaning given that term in the Indenture.

“Principal Amount” means $15,780,000, the original principal amount of the Bonds on the Closing Date.

“Principal Reserve Fund” means the Principal Reserve Fund created and established by the Indenture.
“Principal Reserve Schedule” means the Schedule of Deposits to Principal Reserve Fund attached to the Reimbursement Agreement, as such schedule may be amended, supplemented or restated from time to time.

“Prior Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (BRIDGE Affordable Housing Program/The Summit at Hilltop Apartments), 1993 Issue A in the outstanding principal amount of $15,115,000 issued by the Issuer pursuant to the Prior Indenture.

“Prior Indenture” means the Indenture of Trust, dated as of September 1, 1993, as amended, supplemented or restated to the Closing Date, pursuant to which the Prior Bonds were issued.

“Prior Loan” means the loan with respect to the Mortgaged Property funded with proceeds of the Prior Bonds.

“Prior Mortgage” means the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (California), dated as of September 1, 1993 (as amended, supplemented or restated to the Closing Date), on the Mortgaged Property granted to secure the Prior Loan.

“Prior Trustee” means U.S. Bank National Association, successor to First Trust of California National Association, the trustee under the Prior Indenture.

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

“Rate Determination Date” means (a) with respect to the Weekly Variable Rate, Wednesday of each week, or if such Wednesday is not a Business Day, the first Business Day before such Wednesday; provided, however, that upon any adjustment to the Weekly Variable Rate Mode from a Reset Rate, the first Rate Determination Date will be the Business Day prior to the Adjustment Date, and (b) with respect to any Reset Rate and the Fixed Rate, the date selected by the Remarketing Agent which date must be a Business Day not less than five Business Days prior to the Adjustment Date.

“Rating Agency” means any nationally recognized statistical rating agency then maintaining a rating on the Bonds.

“Rebate Analyst” means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, (ii) chosen by the Borrower and (iii) engaged for the purpose of determining the amount of required deposits, if any to the Rebate Fund.
“Rebate Fund” means the Rebate Fund created under the Indenture.

“Record Date” means, with respect to any Interest Payment Date, (a) if the Bonds bear interest at the Weekly Variable Rate, the Business Day before the Interest Payment Date and (b) if the Bonds bear interest at a Reset Rate or the Fixed Rate, the first day of the month in which the Interest Payment Date occurs.

“Redemption Account” means the Redemption Account of the Revenue Fund.

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

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Mortgaged Property, dated as of September 1, 1993, by the Issuer, the Trustee, the Prior Trustee (but only with respect to its release) and the Borrower, as amended and as it may be further amended, supplemented or restated from time to time.

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of August 1, 2003, by the Credit Provider and the Borrower, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Agent” means Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp., or any successor as Remarketing Agent designated in accordance with the Indenture.

“Remarketing Agreement” means the Remarketing Agreement, dated as of August 1, 2003, by the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Notice Parties” means the Borrower, Issuer, Trustee, Tender Agent, Remarketing Agent, Credit Provider and Loan Servicer.

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

“Reset Date” means any date upon which the Bonds begin to bear interest at a Reset Rate for the Reset Period then beginning.

“Reset Period” means each period of 10 years or more selected by the Borrower, or such shorter period as may be selected by the Borrower with the prior written consent of the Credit Provider, during which the Bonds bear interest at a Reset Rate.

“Reset Rate” means the rate of interest borne by the Bonds as determined in accordance with the Indenture.
"Revenue Fund" means the Revenue Fund created and established by the Indenture.

"Revenues" means all (i) payments made under the Credit Facility, (ii) Investment Income (excluding Investment Income earned from moneys on deposit in the Principal Reserve Fund, the Rebate Fund, the Fees Account and the Costs of Issuance Fund, but including Investment Income earned on Net Bond Proceeds deposited into the Costs of Issuance Fund and Investment Income on such Investment Income) and (iii) payments made under the Note.

"Securities Depository" means, initially, DTC and any replacement securities depository appointed under the Indenture.

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

"Security Instrument" means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of August 1, 2003, together with all riders and exhibits, securing the Note and the obligations of the Borrower to the Credit Provider under the Credit Facility Documents, executed by the Borrower with respect to the Mortgaged Property, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by the Issuer on a single future date for the retirement of Outstanding Bonds which mature after such future date, but excluding any amount payable by the Issuer by reason of the maturity of a Bond or by optional redemption at the election of the Issuer.

"Sinking Fund Payment Date" means, any of the dates on which any of the Bonds matures or is subject to redemption through the application of Sinking Fund Payments as set out in a Sinking Fund Schedule.

"Sinking Fund Schedule" means a schedule of principal amounts of Bonds to mature or be subject to redemption through the application of Sinking Fund Payments on the specified dates and/or a schedule of principal amounts of Bonds maturing as serial Bonds.

"S&P" means Standard & Poor’s Ratings Services, a Division of The McGraw Hill Companies, Inc., and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by the Credit Provider, as assigns credit ratings.

"State" means the State of California.

"Substitution Date" means the date upon which an Alternate Credit Facility is to be substituted for the Credit Facility then in effect, which date must be an Interest Payment Date during a Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period.

"Tax Certificate" means the Tax Certificate and Agreement, dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, supplemented, or restated from time to time.

"Tax Event" has the meaning given to that term in the Indenture.

"Tender Agent" means the Tender Agent named in the Indenture or its successor as Tender Agent under the Indenture named in accordance with such Article in the Indenture.
"Tender Agent Agreement" means any Tender Agent Agreement entered into by the Issuer, the Trustee and the Tender Agent in the event that the Trustee does not serve as Tender Agent under the Indenture, as such agreement may be amended, supplemented or restated from time to time.

"Tender Date" means any Mandatory Tender Date or any other date on which Bondholders are permitted under the Indenture to tender their Bonds for purchase.

"Tendered Bond" means any Bond that has been tendered to the Tender Agent for purchase pursuant to the Indenture.

"Third Party Fees" has the meaning given to that term in the Indenture.

"Transaction Documents" means the Bond Documents, the Loan Documents and the Credit Facility Documents.

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

"Trustee" means U.S. Bank National Association, a national banking association, organized under the laws of the United States of America, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

"Trustee’s Annual Fee" means the annual continuing trust administration fee of the Trustee equal to $3,500, payable annually in advance.

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

"Underwriter" means Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

"Week" means any seven day period during a Weekly Variable Rate Period beginning on Thursday and ending on and including the following Wednesday, except that:

(a) the first Week will begin on the Closing Date and end on and include the following Wednesday;

(b) the first Week of a Weekly Variable Rate Period immediately following an Adjustment Date will begin on such Adjustment Date and end on and include the following Wednesday;

(c) any Week ending immediately before an Adjustment Date will begin on a Thursday and end on the day before such Adjustment Date;

(d) the final Week will begin on a Thursday and end on the earlier of an Adjustment Date or the Maturity Date; and

(e) the first and last Weeks of a Weekly Variable Rate Period may consist of more (but not more than 13) or less than seven days.
"Weekly Variable Rate" means the variable rate of interest per annum for the Bonds determined from time to time during the Weekly Variable Rate Period in accordance with the Indenture.

"Weekly Variable Rate Period" means the period commencing on the Closing Date or an Adjustment Date on which the interest rate on the Bonds is adjusted from the Reset Rate to the Weekly Variable Rate and ending on the day preceding the following Adjustment Date or the Maturity Date.

"Wrongful Dishonor" means an uncured failure by the Credit Provider to make an Advance to the Trustee upon proper presentation of documents which conform to the terms and conditions of the Credit Facility.

**Funds and Accounts**

The following Funds and Accounts are created under with the Trustee:

(a) the Loan Fund;

(b) the Revenue Fund and within the Revenue Fund, the Interest Account, the Credit Facility Account, the Redemption Account and the Fees Account;

(c) the Costs of Issuance Fund;

(d) the Rebate Fund;

(e) so long as any Bonds are Outstanding and have not been adjusted to the Fixed Rate, the Bond Purchase Fund; and

(f) the Principal Reserve Fund.

The Trustee shall hold and administer the Funds and Accounts in accordance with the Indenture.

**The Loan Fund**

Amounts on deposit in the Loan Fund shall be disbursed by the Trustee to fund the Loan upon satisfaction of the conditions to delivery of the Bonds as provided in the Indenture.

**Revenue Fund—Interest Account**

*Deposits Into the Interest Account.* The Trustee will deposit each of the following amounts into the Interest Account:

(a) moneys provided by or on behalf of the Borrower relating to an interest payment under the Note.

(b) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Loan Fund, Rebate Fund, Costs of Issuance Fund, and the Principal Reserve Fund shall be credited to and retained in those respective Funds or Accounts); and

(c) any other moneys made available for deposit into the Interest Account from any other source, including, but not limited to, any excess amounts in the Bond Purchase Fund pursuant to the Indenture;
**Disbursements From the Interest Account.** The Trustee will disburse or transfer, as applicable, moneys on deposit in the Interest Account at the following times and apply such moneys in the following manner and in the following order of priority:

(a) on each Interest Payment Date during any Reset Period or Fixed Rate Period, Redemption Date and any date of acceleration of the Bonds, the Trustee shall disburse (x) to the Credit Provider the amount of any Advance under the Credit Facility relating to the payment of interest on the Bonds or (y) in the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, to the Bondholders, an amount equal to the interest due on the Bonds on such date;

(b) if the Credit Provider or the Loan Servicer gives a written notice to the Trustee at any time to the effect that there is any unreimbursed Advance under the Credit Facility or any other amount required to be paid by the Borrower to the Credit Provider under the Loan Documents, the Bond Documents or the Credit Facility Documents remains unpaid, then the Trustee shall transfer any Investment Income earned on the Interest Account from and after the preceding Interest Payment Date or the Closing Date, as applicable, to the Credit Provider but not in an amount which exceeds the amount stated as unpaid by the Credit Provider in its notice to the Trustee; and

(c) unless there is (A) a deficiency in the Principal Reserve Fund, the Fees Account or the Rebate Fund or (B) and in the Indenture, an Event of Default under the Reimbursement Agreement or any Bond Document or a default under any Loan Document has occurred and is continuing, on each Interest Payment Date the Trustee shall disburse to the Borrower the Investment Income earned on the Interest Account from and after the preceding Interest Payment Date or the Closing Date, as applicable. If a deficiency exists in the Principal Reserve Fund, the Fees Account or the Rebate Fund, such Investment Income shall be transferred to the Principal Reserve Fund, Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

**The Revenue Fund—Redemption Account**

**Deposits Into the Redemption Account.** The Trustee will deposit each of the following amounts into the Redemption Account:

(a) Available Moneys provided by or on behalf of the Borrower to fund the premium payable on the Bonds in connection with a redemption of such Bonds which amounts shall be held in a segregated subaccount in the Redemption Account;

(b) moneys provided by or on behalf of the Borrower relating to a principal payment, including any prepayment under the Note;

(c) moneys transferred from the Principal Reserve Fund pursuant to the Indenture; and

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

**Disbursements From the Redemption Account.** On each Redemption Date, date of acceleration of the Bonds and Maturity Date, the Trustee shall disburse from the Redemption Account (a) to the Credit Provider, the amount of any Advance under the Credit Facility relating to the payment of principal on the Bonds or (b) in the event of a Wrongful Dishonor, to the Bondholders, an amount equal to the principal due on the Bonds on such date. In addition, on any date on which premium payable on Bonds in connection with a redemption of such Bonds is due, the Trustee shall disburse to the Bondholders, from
the segregated subaccount in the Redemption Account, Available Moneys in an amount sufficient to pay such premium.

**Disbursements From the Redemption Account for Sinking Fund Payments.** Provided that no notice of optional redemption has been sent to Bondholders on or prior to the 30th day preceding a Sinking Fund Payment Date at the written instruction of the Issuer (acting through an Authorized Officer), at the direction of the Borrower and with the prior written consent of the Credit Provider, the Trustee will apply any Available Moneys accumulated in the Redemption Account on or prior to the 30th day preceding such Sinking Fund Payment Date to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established at prices (including any brokerage and other charges) not exceeding the redemption price for such Bonds plus accrued and unpaid interest to the date of purchase, such purchase to be made in such manner as the Trustee (after consultation with the Issuer, the Borrower and the Credit Provider) determines. The Borrower shall provide a copy of such direction to the Loan Servicer concurrently with delivery to the Trustee.

Upon the purchase of any Bond pursuant to the preceding paragraph, all such Bonds will be cancelled by the Trustee and an amount equal to the principal amount of the Bonds so purchased will be credited toward the Sinking Fund Payment next due with respect to the Bonds of such maturity. In the event the Trustee is able to purchase Bonds at a price less than the redemption price at which such Bonds were to be redeemed, then, presuming no notice of redemption has been sent to Bondholders, after payment by the Trustee of the purchase price of such Bonds and after payment of any other amounts due on the due date of such Sinking Fund Payment, the Trustee shall pay an amount not greater than the difference between the amount of such purchase price and the amount of such redemption price to, or at the direction of, the Borrower.

As soon as practicable after the 30th day preceding the due date of any such Sinking Fund Payment, and otherwise as provided in the Indenture, the Trustee, pursuant to the Indenture, shall give notice of redemption of Bonds in such amount as is necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall call such Bonds for redemption whether or not it then has moneys in the Redemption Account sufficient to pay the applicable redemption price of the Bonds to be redeemed on the Redemption Date. The Trustee shall pay the amount required for the redemption of the Bonds so called for redemption from the Funds specified in the Indenture, in the order of priority indicated, and such amount will be applied by the Trustee to such redemption.

**Revenue Fund—Credit Facility Account**

**Deposits Into the Credit Facility Account.** The Trustee shall deposit into the Credit Facility Account all Advances under the Credit Facility, except for (i) Advances on account of Issuer’s Fee and (ii) Pledged Bond Advances. That portion of any Advance on account of Issuer’s Fee shall be deposited into the Fee Account. Any Pledged Bond Advance is to be deposited into the Bond Purchase Fund pursuant to the Indenture. No other moneys will be deposited into the Credit Facility Account and the Credit Facility Account shall be maintained as a segregated account and moneys therein shall not be commingled with any other moneys held under the Indenture. The Credit Facility Account shall be closed at such time as the Credit Provider has no continuing liability under the Credit Facility.

The Trustee shall cause amounts deposited into the Credit Facility Account to be applied on the date payment is due to the payments for which the Advance was made pursuant to the Credit Facility. In no event shall amounts in the Credit Facility Account be applied to the payment of principal of and interest and any premium on any Pledged Bonds or on any Bonds known by the Trustee to be held by the Borrower or any Affiliate of the Borrower. Any amounts remaining in the Credit Facility Account after
making the payment for which the Advance was made pursuant to the Credit Facility shall be
immediately refunded to the Credit Provider.

Revenue Fund—Fees Account

*Deposits Into the Fees Account.* The Trustee shall deposit into the Fees Account the
(i) payments made by the Borrower under the Financing Agreement attributable to the Issuer’s Fee, and
the fees and expenses of the Trustee, the Tender Agent, the Remarketing Agent and the Rebate Analyst
(collectively, “Third Party Fees”), and (ii) amounts derived from the Credit Facility for the payment of the
Issuer’s Fee.

*Disbursements From the Fees Account.* On any date on which any amounts are required to pay
any Third Party Fees, such amounts shall be withdrawn by the Trustee from the Fees Account for
payment to the appropriate party, provided, however, that amounts derived from the Credit Facility and
deposited into the Fees Account will be used only to pay the Issuer’s Fee when due. In the event the
amount in the Fees Account is insufficient to pay such Third Party Fees, the Trustee shall make written
demand on the Borrower for the amount of such insufficiency and, pursuant to the terms of the Financing
Agreement, the Borrower shall be liable to promptly pay the amount of such insufficiency to the Trustee
after the date of the Trustee’s written demand. The Trustee will provide notice of the insufficiency to the
Loan Servicer.

*No Other Claims to Trust Estate.* Neither the Tender Agent, the Remarketing Agent nor the
Rebate Analyst shall have any right to any moneys in any Fund or Account or otherwise in the Trust
Estate other than those moneys deposited pursuant to subsection (a) into the Fees Account specifically for
such Person. Except as otherwise stated in the Indenture, the Issuer shall not have any right to any
moneys in any Fund or Account or otherwise in the Trust Estate other than those moneys deposited
pursuant to subsection (a) into the Fees Account specifically for the Issuer. Except as otherwise stated in
the Indenture, the Trustee shall not have any right to any moneys in any Fund or Account or otherwise in
the Trust Estate other than those moneys deposited pursuant to subsection (a) into the Fees Account
specifically for the Trustee.

Costs of Issuance Fund

*Deposits into the Costs of Issuance Fund.* On or before the Closing Date, the Borrower shall
deliver the Costs of Issuance Deposit to the Trustee. On the Closing Date, the Trustee shall deposit or
transfer, as applicable the Costs of Issuance Deposit into the Costs of Issuance Fund.

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

*Disposition of Remaining Amounts.* Any moneys remaining in the Costs of Issuance Fund six
months after the Closing Date and not needed to pay still unpaid Costs of Issuance will be returned to the
Borrower. Upon final disbursement, the Trustee shall close the Costs of Issuance Fund.
Rebate Fund.

The Trustee shall hold and apply the Rebate Fund as provided in the Tax Certificate. Within 30 days after the end of every fifth Bond Year (as defined in the Tax Certificate), and within 55 days after the date on which no Bonds are Outstanding, the Borrower or the Trustee shall cause the Rebate Analyst to deliver to the Trustee and the Issuer a certificate stating whether any rebate payment is required to be made, as set forth in the Tax Certificate, and the Borrower shall deliver to the Trustee any amount so required to be paid.

Bond Purchase Fund

*Deposits Into Bond Purchase Fund.* The Trustee will deposit each of the following into the Bond Purchase Fund:

(a) remarketing proceeds received upon the remarketing of Tendered Bonds to any person; and

(b) Pledged Bond Advances under the Credit Facility to enable the Trustee to pay the purchase price of Tendered Bonds to the extent that moneys obtained pursuant to the provisions described in section (a) are insufficient on any date to pay the purchase price of Tendered Bonds, which amounts the Trustee shall transfer to the Tender Agent on or before 3:00 p.m. Eastern time on each Tender Date.

Subject to the provisions of the Indenture permitting reimbursement of amounts owed to the Credit Provider, moneys in the Bond Purchase Fund shall be held uninvested and exclusively for the payment of the purchase price of Tendered Bonds. Amounts held to pay the purchase price for more than two years will be applied in the same manner as provided under the Indenture with respect to unclaimed payments of principal and interest.

*Disbursements From the Bond Purchase Fund.* The Trustee will transfer to the Tender Agent on or before 3:00 p.m. Eastern time on each Tender Date amounts on deposit in the Bond Purchase Fund to pay the purchase price of Tendered Bonds. The Tender Agent shall apply such amounts to pay the purchase price of Bonds purchased under the Indenture to the former owners of such Bonds upon presentation of the Bonds to the Tender Agent pursuant to the provisions of the Indenture.

Principal Reserve Fund

*Deposits Into the Principal Reserve Fund.* The Trustee will deposit each of the following amounts into the Principal Reserve Fund:

(a) All of the monthly payments made by the Borrower in accordance with the Schedule of Deposits to Principal Reserve Fund attached to the Reimbursement Agreement, as such schedule may be amended in accordance with the Reimbursement Agreement; and

(b) Investment Income earned on amounts on deposit in the Principal Reserve Fund.

The Trustee may rely upon the Schedule of Deposits to Principal Reserve Fund attached to the Reimbursement Agreement provided to it as of the Closing Date until it is furnished an amended schedule by the Credit Provider or the Loan Servicer.
**Disbursements From the Principal Reserve Fund.** The Trustee shall pay or transfer amounts on deposit in the Principal Reserve Fund as follows:

(a) at the written direction of the Credit Provider, to the Credit Provider to reimburse the Credit Provider for any unreimbursed Advance under the Credit Facility and to pay any other amounts required to be paid by the Borrower under the Loan Documents, the Bond Documents or the Credit Facility Documents (including any amounts required to be paid to the Credit Provider);

(b) at the written direction of the Credit Provider, with the written consent of the Borrower (so long as an Event of Default has not occurred and is not continuing under any of the Credit Facility Documents), to the Credit Provider or the Borrower, as the Credit Provider elects, to make improvements or repairs to the Mortgaged Property;

(c) at the written direction of the Credit Provider, if a default has occurred under the Credit Facility Documents, any Loan Document or any Bond Document, to the Credit Provider for any use approved in writing by the General Counsel of the Credit Provider;

(d) at the written direction of the Credit Provider, if a new mortgage and mortgage note have been substituted for the Security Instrument and the Note in accordance with the Loan Documents, or if the Borrower otherwise consents, for any purpose approved in writing by the General Counsel of the Credit Provider;

(e) on each Adjustment Date, to the Redemption Account;

(f) during a Weekly Variable Rate Period, if the aggregate amount on deposit in the Principal Reserve Fund (excluding all Investment Income) on the tenth day of any month equals or exceeds $100,000, an amount equal to the amount on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of $100,000), to the Redemption Account;

(g) pay to the Borrower, Investment Income on moneys in the Principal Reserve Fund on the Interest Payment Date following receipt by the Trustee of such interest or profits; provided that there is no deficiency in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, and that no default exists under the Credit Facility Documents, any Loan Document or any Bond Document. If a deficiency exists in the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account or the Rebate Fund, the Trustee shall transfer such Investment Income to the Interest Account, the Redemption Account, the Principal Reserve Fund, the Fees Account, and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

**Nonpresentment of Bonds**

In the event any Bond is not presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for two years after such principal has become due and payable, such amounts, to the extent amounts are owed to the Credit Provider as set forth in a written statement of the Credit Provider addressed to the Trustee, will be paid to the Credit Provider, with any excess to be paid to the Borrower. Upon such payment, all liability of the Issuer and the Trustee to the holder of any Bond for the payment of such Bond will cease and be completely discharged. The obligation of the Trustee to pay any such amounts to the Credit Provider or the Borrower will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

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Investments

Moneys held as part of any Fund or Account will be invested and reinvested in Permitted Investments. Permitted Investments will have maturities corresponding to, or will be available for withdrawal without penalty no later than, the dates upon which such moneys will be needed for the purpose for which such moneys are held. Moneys on deposit in the (i) Interest Account will be invested only in investments described in paragraphs (a), (b), (c) and (h) of the definition of Permitted Investments, (ii) Redemption Account shall be invested only in investments described in paragraph (a) of the definition of Permitted Investments, with a term not exceeding the earlier of 30 days from the date of investment of such moneys or the date or dates that such moneys are anticipated to be required for redemption, (iii) Credit Facility Account and Bond Purchase Fund will be held uninvested and (iv) Costs of Issuance Fund, until disbursed or returned to the Borrower, be invested only in investments described in paragraph (h) of the definition of Permitted Investments. Permitted Investments will be held by or under the control of the Trustee. All Investment Income from moneys held in all Funds and Accounts other than the Loan Fund, the Rebate Fund, the Costs of Issuance Fund (except as provided otherwise in the Indenture) and the Principal Reserve Fund, upon receipt will be deposited into the Interest Account. Investment Income from moneys held in the Loan Fund, the Rebate Fund, the Costs of Issuance Fund and the Principal Reserve Fund shall remain in the respective Fund where earned.

Limitations on Liability

Notwithstanding any other provision of the Indenture to the contrary:

(a) the obligations of the Issuer with respect to the Bonds are not general obligations of the Issuer but are special, limited obligations of the Issuer payable by the Issuer solely from the Security;

(b) nothing contained in the Bonds or in the Indenture shall be considered as assigning or pledging any funds or assets of the Issuer other than the Trust Estate;

(c) the Bonds are not and will not be a debt of the City of Richmond, the State or of any political subdivision of the State, and neither the City of Richmond, the State nor any political subdivision of the State is or will be liable for the payment of the Bonds;

(d) neither the faith and credit of the Issuer, the City of Richmond, the State nor of any other political subdivision of the State are pledged to the payment of the principal of and interest and any premium on the Bonds;

(e) no failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the Mortgaged Property, or the issuance, sale and delivery of the Bonds will subject the Issuer to liability for any claim for damages, costs or other charges except to the extent that the same can be paid or recovered from the Trust Estate; and

(f) the Issuer will not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes of the Indenture, any of the other Bond Documents or any of the Loan Documents, whether for the payment of the principal or redemption price of, or interest on, the Bonds, the payment of Third Party Fees, Fees and Expenses or administrative expenses or otherwise.
Credit Facility; Alternate Credit Facility

Acceptance of the Credit Facility. The Trustee will hold the Credit Facility and will enforce in its name all rights of the Trustee and all obligations of the Credit Provider under the Credit Facility for the benefit of the Bondholders. The Trustee will not assign or transfer the Credit Facility except to a successor Trustee under the Indenture. The Issuer and the Trustee acknowledge that the obligations of Fannie Mae as the Credit Provider under the initial Credit Facility are not backed by the full faith and credit of the United States of America, but by the credit of Fannie Mae, a federally chartered, stockholder owned corporation.

Requests for Advances Under Credit Facility. The Trustee shall request Advances under the Credit Facility in accordance with its terms and cause the proceeds of each Advance to be applied so that full and timely payments are made on each date on which payment of principal, interest or purchase price is due on any Bond or any payment of the Issuer's Fee is due and not paid by the Borrower pursuant to the Financing Agreement. The Trustee shall not request, and shall not apply the proceeds of, any Advance to pay (i) principal of, interest on or the purchase price of, any Pledged Bond or any Bond known by the Trustee to be held by the Borrower or any Affiliate of the Borrower, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond. Prior to requesting an Advance to pay principal of or interest on the Bonds on an Interest Payment Date, the Trustee shall determine the amount necessary to make such payment of principal or interest.

Return of Payments Under the Credit Facility. In the event the Trustee receives an Advance from the Credit Provider on account of any Tendered Bond and thereafter the Trustee receives remarketing proceeds upon the remarketing of such Tendered Bond, then the Trustee shall promptly reimburse the Credit Provider with such funds to the extent of the amount so paid by the Credit Provider as a reimbursement on behalf of the Borrower.

Alternate Credit Facility. Subject to the terms of the Credit Facility Documents, the Trustee shall accept any Alternate Credit Facility delivered to the Trustee in substitution for the Credit Facility then in effect if (a) the Alternate Credit Facility meets the requirements of the Indenture; (b) the Substitution Date for the Alternate Credit Facility is an Interest Payment Date during a Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period; (c) the Alternate Credit Facility is effective on and from the Substitution Date for such Alternate Credit Facility; and (d) the Trustee receives on or prior to the effective date of the Alternate Credit Facility (i) an Opinion of Counsel to the Credit Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility and its enforceability, and (ii) an opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds. The Trustee shall give notice to the Bondholders by first class mail, postage prepaid, of the substitution by such Alternate Credit Facility for the Credit Facility then in effect as provided in the Indenture. On the Substitution Date, the Trustee shall draw, if necessary, on the Credit Facility being replaced and shall not surrender such Credit Facility until all requests thereon have been honored.

Extension of Credit Facility. In the event the term of any Credit Facility is extended, the Trustee must receive, not later than the Extension Date, (a) the commitment relating to such extension of the Alternate Credit Facility; and (b) an Opinion of Counsel for the Alternate Credit Provider, in substantially the form of the Opinion of Counsel delivered to the Trustee upon the issuance of such Alternate Credit Facility. The Trustee is to provide a copy of the commitment to extend and the extension of the credit facility upon receipt thereof to the Rating Agency and, upon request, to any Bondholder. Upon the failure
of the Borrower to furnish the Trustee with either a satisfactory commitment to extend the Alternate Credit Facility or an Alternate Credit Facility pursuant to the Indenture and the accompanying Opinion of Counsel on or prior to each Extension Date, the Bonds shall be subject to mandatory tender pursuant to the Indenture.

Defeasance

Provision for Payment of Bonds. So long as the Bonds are in a Reset Rate Mode or the Fixed Rate Mode, any Bond will be deemed paid within the meaning of the Indenture if each of the conditions of the Indenture described below is satisfied. The Bonds may not be defeased within the meaning of the Indenture if the Bonds are in the Weekly Variable Rate Mode. The conditions are:

(a) the Issuer or the Borrower deposits with the Trustee (i) Available Moneys or (ii) Government Obligations which are not subject to early redemption and which are purchased with Available Moneys, of such maturities and interest payment dates and bearing such interest as will be sufficient, without further investment or reinvestment of either the principal amount of such Government Obligations or the interest earnings on Government Obligations (the earnings to be held in trust also), together with any Available Moneys, for the payment on their respective maturity dates, or redemption dates prior to maturity, of the principal of such Bonds and redemption premium, if any, and interest to accrue on such Bonds to such maturity or redemption dates;

(b) the Trustee receives, at the expense of the Borrower, and may rely upon (A) a verification report of an independent certified public accountant or other firm nationally recognized in the certification of cash flow analyses; and (B) an Opinion of Bond Counsel to the effect that such deposit with the Trustee and consequent defeasance of the Bonds does not adversely affect the excludability from gross income for federal income tax purposes of the interest payable on the Bonds;

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

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

(e) if the Bonds are in a Reset Rate Mode the Bonds will be redeemed on or before the last day of the current Reset Period.

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

Defeased Bonds No Longer Outstanding. At such times as a Bond is deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of payment in accordance with the terms of the Indenture.
Defaults and Remedies

Events of Default. Each of the following constitutes an Event of Default under the Indenture:

(a) default in the payment when due and payable of any interest due on any Bond (other than a Pledged Bond);

(b) default in the payment when due and payable of (i) the principal of or any redemption premium on any Bond (other than a Pledged Bond) at maturity or upon any redemption, or (ii) the purchase price of any Tendered Bond (other than a Pledged Bond);

(c) written notice to the Trustee from the Credit Provider of a default by the Issuer in the observance or performance of any covenant, agreement, warranty or representation on the part of the Issuer included in the Indenture or in the Bonds (other than an Event of Default described in subsection (a) or (b) above) and the continuance of such default for a period of 30 days after the Trustee receives such notice;

(d) written notice to the Trustee from the Credit Provider of an Event of Default under the Reimbursement Agreement;

(e) written notice to the Trustee from the Credit Provider of an Act of Bankruptcy; or

(f) a Wrongful Dishonor.

Nondefault and Prohibition of Mandatory Redemption Upon Tax Event. The occurrence of any event (a “Tax Event”) which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the Bondholders, including any violation of any provision of the Regulatory Agreement or any of the other Bond Documents, shall not (i) directly or indirectly constitute an Event of Default under the Indenture or permit any party (other than the Credit Provider) to accelerate, or require acceleration of, the Loan or the Bonds, unless the Credit Provider provides written notice to the Trustee that such Tax Event constitutes a default under the Reimbursement Agreement, or (ii) give rise to a mandatory redemption of the Bonds, or (iii) give rise to the payment to the Bondholders of any amount, denoted as “supplemental interest,” “additional interest,” “penalty interest,” “liquidated damages,” “damages” or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the Tax Event. Nothing contained in this subsection will be deemed to amend or supplement the terms of the Loan Documents. Promptly upon determining that a Tax Event has occurred, the Issuer or the Trustee, by notice in writing to the Credit Provider, the Loan Servicer, all Registered Owners of the Bonds and the Remarketing Agent, shall state that a Tax Event has occurred and whether the Tax Event is cured, curable within a reasonable period or incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Issuer nor the Trustee shall have, upon the occurrence of a Tax Event, any right or obligation to cause or direct acceleration of the Bonds or the Loan, to enforce the Note or to foreclose the Security Instrument, to accept a deed to the Mortgaged Property in lieu of foreclosure, or to effect any other comparable conversion of the Mortgaged Property.

Acceleration, Redemption and Mandatory Tender

Acceleration. Upon:

(a) the occurrence and during the continuance of a Wrongful Dishonor, the Trustee may, and, upon the written request of Bondholders owning not less than 51 percent in aggregate principal amount of
Bonds then Outstanding, must, by written notice to the Issuer, the Borrower, the Credit Provider and the Loan Servicer, declare the principal of all Bonds and the interest accrued, and to accrue, on the Bonds to the date of payment immediately due and payable; or

(b) the occurrence of any other Event of Default under the Indenture except as described in (a) above, the Trustee may, upon receiving the prior written consent of the Credit Provider, and must, upon the written direction of the Credit Provider requiring that the Bonds be accelerated pursuant to the provisions described in this subsection, by written notice to the Issuer, the Borrower, the Credit Provider and the Loan Servicer, declare the principal of all Bonds and the interest accrued, and to accrue, on the Bonds to the date of declaration immediately due and payable.

Redemption and Mandatory Tender. Upon the occurrence of an Event of Default under the Indenture:

(a) if the Credit Provider so directs pursuant to the provisions of the Indenture having to do with a redemption of Bonds after an Event of Default under the Reimbursement Agreement, the Bonds shall be redeemed in whole or in part in the amount specified by and at the direction of the Credit Provider.

(b) if the Credit Provider so directs pursuant to the provisions of the Indenture having to do with a mandatory tender of Bonds upon an Event of Default under the Reimbursement Agreement, the Bonds shall be subject to mandatory tender.

Notwithstanding anything to the contrary in the Indenture, if the Credit Provider directs that the Bonds be redeemed in part pursuant to the Indenture, the Credit Provider may further direct on one or more other occasions that the Bonds be redeemed in whole or in part or that the Bonds be subject to mandatory tender.

Notice; Acceleration. Upon any decision to accelerate payment of the Bonds, the Trustee will notify the Bondholders of the declaration of acceleration, that, in the event of acceleration pursuant to the Indenture, interest on the Bonds will cease to accrue upon such declaration, and payment of the Bonds will be made upon presentment of the Bonds at the Designated Office of the Trustee. Such notice shall be sent by registered mail or overnight delivery service, postage prepaid, or, at the Trustee’s option, may be given by Electronic Means to each Registered Owner of Bonds at such Registered Owner’s last address appearing in the Bond Register. Any defect in or failure to give notice of such declaration will not affect the validity of such declaration.

Notice; Redemption. Upon the direction of the Credit Provider to redeem the Bonds in whole or in part pursuant to the provisions of the Indenture having to do with a redemption of Bonds after an Event of Default under the Reimbursement Agreement, immediate notice of redemption will be given.

Notice; Mandatory Tender. Upon any direction of the Credit Provider that the Bonds be subject to mandatory tender, the Trustee shall give notice to the Bondholders as provided in the Indenture.

Draw on Credit Facility. Immediately upon acceleration, mandatory redemption or mandatory tender of the Bonds, the Trustee shall request an Advance under the Credit Facility in accordance with its terms.
Other Remedies

Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee may, with or without taking action under the Indenture, but only with the prior written consent of the Credit Provider, and must at the direction of the Credit Provider, if the Event of Default occurs under paragraph (c), (d) or (e) under “Events of Default” above, pursue any of the following remedies:

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

(b) the liquidation of the Trust Estate; or

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

Subject to the provisions of the Indenture and the requirement, if any, that the Credit Provider consent in writing to the exercise by the Trustee of any remedy, upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most effective to enforce and protect the interests of the Bondholders and, unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider.

Remedies Not Exclusive; Delay or Omission

No right or remedy conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy will be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture or under the Financing Agreement, the Regulatory Agreement or the Credit Facility or now or later existing at law or in equity. No delay or omission to exercise any right or remedy provided in the Indenture will impair any such right or remedy or be construed to be a waiver of any Event of Default or acquiescence in it. Every such right and remedy may be exercised from time to time as often as may be deemed expedient.

Waiver

Subject to the conditions precedent set out below, (a) the Trustee may waive, (b) the Trustee shall waive if directed to do so by the Credit Provider, in writing, and (c) Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding may waive, by written notice to the Trustee, any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of maturity of principal. The conditions precedent to any waiver are:

(a) unless waiver is directed by the Credit Provider, the Credit Provider consents to such waiver in writing;
(b) the principal and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate or rates of interest borne by the Bonds has been paid or provided for by the Borrower in Available Moneys or by the Credit Provider and all fees and expenses of the Trustee have been paid or provided for by the Borrower or the Credit Provider; and

(c) after the waiver, the Credit Facility remains in effect in an amount equal to the aggregate principal amount of the Bonds Outstanding (other than Pledged Bonds) plus the Interest Requirement; provided, however, that such waiver will be permitted without the Credit Facility remaining in effect if (i) the Issuer consents to the waiver, (ii) the Rating Agency then rating the Bonds is notified and the Trustee gives written notice to the Bondholders that the ratings on the Bonds may be reduced or withdrawn upon the occurrence of such waiver, and (iii) 100 percent of the Bondholders consent to the waiver.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and the Issuer, the Borrower, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture. No waiver of any default or Event of Default shall extend to or affect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

Rights of the Credit Provider and the Bondholders To Direct Proceedings. Notwithstanding anything contained in the Indenture to the contrary, the Credit Provider itself or Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding, but only with the prior written consent of the Credit Provider, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, however, that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee will be indemnified to its reasonable satisfaction (except as otherwise provided in the Indenture).

Limitations on Bondholders’ Rights. No Bondholder has or shall have the right to enforce the provisions of the Indenture or the Financing Agreement, or to institute any proceeding in equity or at law for the enforcement of the Indenture or the Financing Agreement, or to take any action with respect to an Event of Default under the Indenture or an Event of Default under the Financing Agreement, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture or the Financing Agreement upon an Event of Default unless (a) such Event of Default is a Wrongful Dishonor, (b) such Bondholder has given the Trustee, the Issuer, the Credit Provider, the Loan Servicer and the Borrower written notice of the Event of Default, (c) the holders of not less than 51 percent in aggregate principal amount of Bonds then Outstanding have requested the Trustee in writing to institute such proceeding, (d) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (e) the Trustee has been offered reasonable indemnity, where required, and (f) the Trustee has thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable period of time. No Bondholder has or shall have any right in any manner whatever to affect, disturb or prejudice the pledge of revenues or of any other moneys, Funds, Accounts or securities under the Indenture. Except as provided in this paragraph, no Bondholder has or shall have the right, directly or indirectly, individually or as a group, to seek to enforce, collect amounts available under, or otherwise realize on, the Credit Facility.

Application of Moneys

Amounts derived from payments under the Credit Facility (other than amounts derived from an Advance to pay the Issuer’s Fee) shall be deposited into the Credit Facility Account and applied solely to pay the principal of and interest on the Bonds. Amounts on deposit in the Bond Purchase Fund shall be
applied solely to pay the purchase price of the Bonds. All other moneys received by the Trustee pursuant to any action taken under the Indenture will be deposited into the Interest Account and the Redemption Account, as applicable, after payment of the ordinary costs and expenses of the Trustee. The balance of such moneys, less such amounts as the Trustee determines may be needed for possible use in paying future fees and expenses and for the preservation and management of the Mortgaged Property (as identified by the Credit Provider), shall be applied as set out in the following subsections.

**Principal of Bonds Not Declared Due and Payable.** Unless the principal on all Bonds has become or been declared due and payable, all such moneys will be applied:

FIRST, to the payment of all interest then due on the Bonds, in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, of the amounts due, without any discrimination or privilege;

SECOND, to the payment of the unpaid principal of any of the Bonds which have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the Indenture), in the order of due dates, with interest upon the principal amount of the Bonds from the respective dates upon which they become due at the rate or rates borne by the Bonds, to the extent permitted by law, and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled to such payment without any discrimination or privilege; and

THIRD, to the payment of amounts owed to the Credit Provider under the Credit Facility Documents and the Loan Documents, and then to amounts due to the Trustee for Extraordinary Items, for this purpose including the costs and expenses of any proceedings resulting in the collection of such moneys and of advances incurred or made by the Trustee.

**Principal of Bonds Declared Due and Payable.** If the principal of all the Bonds has become or been declared due and payable, all such moneys shall be applied first, to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest to the persons entitled to payment, until all such principal and interest has been paid; second, to pay the Credit Provider amounts owed to it under the Credit Facility Documents and the Loan Documents; and third, to any other amounts due and payable under the Indenture.

**General.** Whenever moneys are to be applied pursuant to the terms of the Indenture described in this section, such moneys shall be applied at such times, and from time to time, as the Trustee determines, having due regard for the amount of such moneys available for application, the likelihood of additional moneys becoming available for such application in the future, and potential expenses relating to the exercise of any remedy or right conferred on the Trustee by the Indenture. Whenever the Trustee applies such moneys, it shall fix the date (which will be an Interest Payment Date unless it deems an earlier date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue unless interest has already ceased to accrue in accordance with the Indenture. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.
Resignation or Removal of the Trustee. The Trustee may resign only upon giving 60 days prior written notice to the Issuer, the Credit Provider, the Loan Servicer, the Borrower and to each Registered Owner of Bonds then Outstanding as shown on the Bond Register. The Trustee may be removed at any time upon 30 days prior written notice to the Trustee, (i) by the Issuer, with the prior written consent of the Credit Provider, (ii) by the owners of not less than 51 percent in aggregate principal amount of Bonds then Outstanding, which written instrument shall designate a successor Trustee approved by the Credit Provider, or (iii) by the Credit Provider. Such resignation or removal shall not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment.

Appointment of Successor Trustee. Upon the resignation or removal of the Trustee, a successor Trustee, satisfying the requirements under the heading “Qualification” in the Indenture, shall be appointed by the Borrower with the prior written consent of the Issuer and the Credit Provider (unless appointed by the Bondholders as provided in “Resignation or Removal of the Trustee” in the Indenture); provided, however, that if the Borrower is then in default under any Bond Document or any Loan Document or if an event has occurred and is continuing which, with notice or the passage of time or both, would constitute such a default, such appointment will be made by the Issuer with the prior written consent of the Credit Provider. If, in the case of resignation or removal of the Trustee, no successor is appointed within 30 days after the notice of resignation or within 30 days after removal, as the case may be, then, in the case of a resignation, the resigning Trustee shall appoint a successor with the prior written consent of the Issuer and the Credit Provider or apply to a court of competent jurisdiction for the appointment of a successor Trustee and, in the case of a removal, the Credit Provider shall have the right to appoint a successor Trustee or to apply to a court of competent jurisdiction for the appointment of a successor Trustee. The successor Trustee must accept in writing its duties and responsibilities under the Indenture, the Financing Agreement, the Assignment and the Regulatory Agreement. The successor Trustee shall give notice of such succession by first-class mail, postage prepaid, to each Bondholder, the Issuer, the Credit Provider, the Loan Servicer and the Borrower.

Qualifications of Trustee. The Trustee and any successor Trustee will at all times be a bank or trust company organized under the laws of the United States of America or any state, authorized under such laws to exercise corporate trust powers, having a combined capital stock, surplus and undivided profits of at least $50,000,000 (or an affiliate of a corporation or banking association meeting that requirement which guarantees the obligations and liabilities of the Trustee) and subject to supervision or examination by federal or state banking authority.

Supplemental Indentures; Amendments

Supplemental Indentures Not Requiring Bondholder Consent. The Issuer and the Trustee, without the consent of or notice to any Bondholder, may enter into an indenture or indentures supplemental to the Indenture for one or more of the following purposes:

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

(b) to amend, modify or supplement the Indenture in any respect if such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;
(c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

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

(e) to appoint a successor trustee, separate trustee or co-trustee, or a separate Tender Agent or Bond Registrar;

(f) to make any change requested by the Credit Provider which is not materially adverse to the interests of the Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the initial Credit Facility, provided that the provision of such other Credit Facility does not adversely affect the rating then in effect for the Bonds;

(g) to make any changes in the Indenture or in the terms of the Bonds necessary or desirable in order to maintain the then existing rating awarded to the Bonds by the Rating Agency or otherwise to comply with requirements of any Rating Agency then rating the Bonds;

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

(i) to modify, alter, amend or supplement the Indenture in any other respect, including amendments which would otherwise be described in “Supplemental Indentures; Amendments—Supplemental Indentures Requiring Bondholder Consent” herein, (A) if such amendments will take effect on a Mandatory Tender Date following the purchase of Tendered Bonds or (B) if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least 30 days before the effective date of such amendment, modification, alteration or supplement and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture; or

(j) to change any of the time periods for provision of notice relating to the remarketing of Bonds or the determination of the interest rate on the Bonds.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions of the Indenture precedent to the execution of a supplemental indenture have been satisfied, the Trustee shall join the Issuer in the execution of any such supplemental indenture. The Trustee shall promptly furnish a copy of any such supplemental indenture to the Credit Provider, the Remarketing Agent, the Tender Agent, the Loan Servicer and the Borrower.

**Supplemental Indentures Requiring Bondholder Consent.** The Issuer and the Trustee may, with the consent of Bondholders owning not less than 51 percent in aggregate principal amount of Bonds then Outstanding, from time to time, execute indentures supplemental to the Indenture for the purpose of modifying or amending any of the provisions contained in the Indenture; provided, however, that nothing in this paragraph permits, or will be construed as permitting:
(a) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Bond, without the consent of the owner of such Bond;

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

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

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

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

(f) a transfer, assignment or release of the Credit Facility (or modification of the provisions of the Indenture governing such transfer, assignment or release), other than as permitted by the Indenture or the Credit Facility, without the consent of the owners of all of the Bonds then Outstanding;

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

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

(i) the amendment of the provisions of the Indenture relating to the amendment thereof, without the consent of the holders of all of the Bonds then Outstanding.

The Trustee will promptly furnish a copy of any such supplemental indenture to the Credit Provider, the Remarketing Agent, the Tender Agent, the Loan Servicer and the Borrower. Notice of any amendment pursuant to this section in the Indenture shall be given to the Bondholders promptly following the execution thereof.

No Bondholder Consent Required for Amendment to Loan Documents. Unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider alone may consent to any amendment to the Loan Documents and no consent of the Bondholders is required; provided, however, that any amendment or substitution of the Note shall occur only following written confirmation of the Rating Agency that such amendment or substitution will not result in a reduction or withdrawal of the rating on the Bonds.

Amendments to the Credit Facility. The Credit Facility may only be amended, supplemented or otherwise changed in accordance with the following:

(a) Replacement Credit Facility. At the request of the Credit Provider, the Trustee shall exchange the Credit Facility with the Credit Provider for a new Credit Facility (a “Replacement Credit Facility”) issued by the Credit Provider, provided that there is delivered to the Trustee (i) a written confirmation from the Rating Agency to the effect that such exchange shall not adversely affect the rating then in effect for the Bonds and (ii) a written opinion of Bond Counsel to the effect that such exchange will not adversely affect the excludability of interest on the Bonds from gross income for federal income
tax purposes. No such exchange shall require the approval of the Issuer, the Trustee or any of the Bondholders or constitute or require a modification or supplement to the Indenture.

(b) Amendment of the Credit Facility. The Trustee may consent, without the consent of the owners of the Bonds, to any amendment of the Credit Facility not addressed in subsection (a) which does not prejudice in any material respect the interests of the Bondholders.

(c) Other Amendments of the Credit Facility. Except as provided in subsections (a) and (b), the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority of the owners of all Outstanding Bonds. No amendment may be made to the Credit Facility which would reduce the amounts required to be paid under the Credit Facility or change the time for payment of such amounts; provided, however, that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

Notice to and Consent of Bondholders. If consent of the Bondholders is required for any supplement, amendment or modification to the Indenture or for any other similar purpose, the Trustee shall give notice of the proposed supplement, amendment or modification by first class mail, postage prepaid, to the Bondholders. Such notice will be conclusively presumed to have been duly given and received when given in such manner, whether or not any holder actually receives the notice. Such notice shall briefly set forth the nature of the proposed supplement, amendment or modification, and shall state that copies of any such supplement, amendment or modification are on file at the Designated Office of the Trustee for inspection by the Bondholders. The consent of the holder of any Bond will be binding on any transferee and successor transferees of such Bond.

Required Approvals. No amendment, supplement or modification may be made to any Transaction Document without the prior written consent of the Credit Provider, (ii) to any Loan Document without the prior written consent of the Credit Provider, or (iii) to any Credit Facility Document without the prior written consent of the Credit Provider and, if the change will materially adversely affect the Borrower. Anything in the Indenture to the contrary notwithstanding, a supplement or amendment or modification of the Indenture or the Credit Facility which materially and adversely affects any rights or obligations of the Borrower will not become effective unless and until the Borrower (if the Borrower is not then in default under any Bond Document or any Loan Document and if no event which, with notice or the passage of time or both, would constitute such a default has occurred and is continuing) has consented in writing to the execution of such supplemental indenture, amendment or other document. The Trustee will not be required to enter into any supplement or amendment which adversely affects the Trustee’s rights and duties under the Indenture.

Opinions of Counsel. The Trustee may obtain and will be fully protected in relying upon an Opinion of Counsel as conclusive evidence that any supplement or amendment to the Indenture is authorized and permitted by the Indenture and, if applicable, is not materially adverse to the interests of the Bondholders. No supplement or amendment with respect to the Indenture will be effective until the Issuer and the Trustee have received an opinion of Bond Counsel to the effect that such supplement or amendment will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds.
APPENDIX C

SUMMARY OF CERTAIN PROVISIONS
OF THE FINANCING AGREEMENT

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

The Loan

Upon the issuance and delivery of the Bonds, the Issuer has agreed to apply the Bond proceeds to fund the Loan. Disbursements will be made from the Loan Fund as provided in the Indenture.

The Loan will be evidenced by and payable (including prepayment) in accordance with the Note and the Security Instrument. The Loan will bear interest at the rates and on the terms provided in the Note. The Note will be secured by the Security Instrument. The Borrower will make payments on the Note, which shall, at all times and in all events, be sufficient to repay the Loan (including all payments of principal and interest when due) and to timely pay, when due, the principal of, premium, if any, and interest on, the Bonds, and all fees and expenses payable under the Financing Agreement.

Prior to the issuance of the Bonds, the Borrower shall cause to be deposited with the Trustee the Costs of Issuance Deposit, which the Trustee shall deposit in the Costs of Issuance Fund. The Issuer shall have no obligation to issue the Bonds or to fund the Loan unless and until the Borrower delivers the Costs of Issuance Deposit.

The Borrower has agreed to cause credit enhancement and liquidity support for the Bonds to be in effect in the amounts and during the periods as required by the Indenture. From time to time, the Borrower may arrange for the delivery to the Trustee of one or more Alternate Credit Facilities meeting the requirements of the Indenture in substitution for the Credit Facility then in effect.

Payment of Fees, Costs and Expenses

The Borrower shall pay when due, without duplication, the fees, expenses and other sums specified in the Financing Agreement, including:

(a) Issuer. The Issuer's Fee, payable upon the issuance of the Bonds, plus an amount equal to 25 basis points of the outstanding principal amount of the Bonds, payable annually in advance, and all costs and expenses incurred by the Issuer at any time in connection with the Bonds.

(b) Trustee. The Trustee's acceptance, if any, which shall be paid on the Closing Date, the Trustee's Annual Fee, and all advances, out-of-pocket expenses, fees, costs and other charges reasonably and necessarily incurred by the Trustee under the Indenture and Extraordinary Items.

(c) Tender Agent. The fees, costs and expenses of the Tender Agent, all advances, out-of-pocket expenses, fees, costs and other charges reasonably and necessarily incurred by the Tender Agent in performing its duties as Tender Agent under the Indenture and the Pledge Agreement.

(d) Remarketing Agent. The fees, costs and expenses of the Remarketing Agent and the costs and expenses of the Remarketing Agent which the Borrower is obligated to pay under the Remarketing Agreement.
(e) **Rebate Analyst.** The annual or other periodic fees of the Rebate Analyst.

(f) **Rating Agency.** The annual rating maintenance fee of each Rating Agency.

(g) **Costs of Issuance.** All Costs of Issuance.

(h) **Bond Costs.** All costs of registering, printing, reprinting, preparing and delivering any replacement bonds required under the Indenture and in connection with the registration, printing, reprinting or transfer of Bonds.

(i) **Adjustment or Conversion of Interest Rate; Tender, Purchase, Remarketing or Reoffering of Bonds.** All fees, costs and expenses of any change in Mode or of any tender, purchase, remarketing or reoffering of any Bonds. The fees, costs and expenses of any tender, purchase, remarketing or reoffering of Bonds must be paid by the Borrower in advance in accordance with the Remarketing Agreement or other agreement relating to the remarketing or reoffering of the Bonds.

The Borrower agrees to timely honor any demand for payment by the Trustee pursuant to the Indenture on account of any insufficiency in the Fees Account.

**Certain Payments**

**Borrower’s Obligations Upon Tender of Bonds.** If any Tendered Bond is not remarketed on any Tender Date and a sufficient amount is not available in the Bond Purchase Fund for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee pursuant to the Credit Facility or otherwise pay by the applicable times provided in the Indenture, an amount equal to the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Tender Date.

**Redemption Premium.** The Borrower shall pay all redemption premiums, if any, payable with respect to each redemption of any of the Bonds. The Borrower shall make each such payment, or cause such payment to be made, in Available Moneys.

**Obligation of the Borrower to Pay Deficiencies.** The Borrower shall pay any deficiency resulting from any loss due to a default under any investment in any Fund or Account or a change in value of any investment.

**Indemnification**

**Borrower’s Obligations.** The Borrower releases the Issuer, the Trustee and the Tender Agent and their respective officers, directors, agents, officials, employees (and, as to the Issuer, members of its governing body) and any person who controls the Issuer, the Trustee or the Tender Agent within the meaning of the Securities Act of 1933, from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Tender Agent and their respective officers, directors, employees, agents, members of its governing body, officials and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an “Indemnified Party”) from and against, any and all losses, claims, damages, liabilities and expenses (including attorneys’ fees and expenses), taxes, causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of: (a) the approval of financing for the Mortgaged Property or making of the Loan; (b) the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any person other than the party seeking indemnification in connection therewith, including, but not limited to, any (i) statement or information made by the
Borrower with respect to the Borrower or the Mortgaged Property in any offering document or materials regarding the Bonds, the Mortgaged Property or the Borrower or in the Tax Certificate of the Borrower or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect, (ii) untrue statement or alleged untrue statement of a material fact relating to the Borrower or the Mortgaged Property contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to the Borrower or the Mortgaged Property required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, (iii) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could be sold; (c) the interpretation, performance, enforcement, breach, default or amendment of the Bond Documents, the Loan Documents or any other documents relating to the Mortgaged Property or the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents; (d) the Borrower's failure to comply with any requirement of the Financing Agreement or the Regulatory Agreement; (e) the condition of the Mortgaged Property, including any violation of any law, ordinance, court order or regulation affecting the Mortgaged Property or any part of it; (f) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to Mortgaged Property (including loss of use of Mortgaged Property) or persons, occurring or allegedly occurring in, on or about the Mortgaged Property or arising out of any action or inaction of the Borrower or any of its agents, servants, employees or licenses, whether or not related to the Mortgaged Property, or resulting from the acquisition, construction, design, rehabilitation, repair, operation, use of management of, all or any part of the Mortgaged Property; (g) the Trustee's acceptance or administration of the trusts created by, and the exercise of its powers or duties under, the Indenture or under the Financing Agreement, the Regulatory Agreement, the Credit Facility or any other arguments in connection with such agreements to which it is a party; and (h) to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with transactions provided for in the Financing Agreement and the other Transaction Documents or otherwise in connection with the Mortgaged Property, the Bonds or the execution or amendment of any document relating to the Bonds or the Mortgaged Property.

**Borrower's Continuing Obligations.** Notwithstanding any transfer of the Mortgaged Property to another owner in accordance with the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to the Financing Agreement for all matters arising prior to such transfer, and, as a condition to the release of the transferor on and after the transfer date, the transferee must assume the obligations of the Borrower under the Financing Agreement and the other Borrower Documents on and after the transfer date. Each Indemnified Party’s rights under the Financing Agreement shall survive the termination of the Financing Agreement, the payment of the Loan and the payment or defeasance of the Bonds.

**Obligations of Borrower Unconditional**

To the fullest extent permitted by law, the obligations of the Borrower to make all payments and perform its other obligations under the Financing Agreement shall be absolute, unconditional and irrevocable, shall be paid and performed strictly in accordance with the applicable Transaction Documents under all circumstances, including, without limitation, the following circumstances: (i) any invalidity or unenforceability of the Credit Facility or any of the other Transaction Documents; (ii) any amendment or waiver of, or any consent to departure from, the terms of the Credit Facility or any of the other Transaction Documents, any extension of time or other modification of the terms and conditions for any act to be performed in connection with the Credit Facility or any of the other Transaction Documents; (iii) the existence of any claim, set off, defense or other right which the Borrower may have at any time against the Issuer, the Trustee, the Tender Agent, the Credit Provider, the Loan Servicer, the Remarketing
Agent or any other Person, whether in connection with any of the Transaction Documents, the Mortgaged Property, or any unrelated transaction; (iv) the surrender or impairment of any security for the performance or observance of any of the agreements or terms of any of the Transaction Documents; (v) defect in title to the Mortgaged Property, any act or circumstance that may constitute failure of consideration, destruction of, damage to or condemnation of the Mortgaged Property, commercial frustration of purpose, or any change in the tax or other laws of the United States of America or of the State or any political subdivision of either, (vi) the breach by the Issuer, the Trustee, the Tender Agent, the Remarketing Agent, the Credit Provider, the Loan Servicer or any other Person of any of its obligations under any Transaction Document; or (vii) any other circumstance, happening or omission whatsoever, whether or not similar to any of the foregoing.

**Nonrecourse Liability**

Except as provided in the Loan Documents, in any action or proceeding brought with respect to the Loan or the Bonds, no deficiency or other money judgment shall be enforced against the Borrower or any partner or affiliate of the Borrower or any successor or assign of the Borrower, and any judgment obtained shall be enforced only against the Mortgaged Property and other property of the Borrower encumbered by the Loan Documents and not against the Borrower or any partner or affiliate of the Borrower or any successor or assign of the Borrower. Notwithstanding the foregoing, or anything to the contrary contained in the Financing Agreement, the obligations of the Borrower (i) to the Issuer, the Trustee or any other party (except with respect to any payments payable to Fannie Mae or the Loan Servicer) and (ii) to pay any and all rebate amounts that may be or become owing with respect to the Bonds, shall be recourse to the Borrower.

**Obligations Unsecured**

All obligations of the Borrower under the Financing Agreement and under the Regulatory Agreement, including the obligations of the Borrower with respect to the Reserved Rights, shall not be secured by the Security Instrument and shall not constitute a lien on the Mortgaged Property in any manner.

**Certain Obligations Personal to the Borrower**

No subsequent owner of the Mortgaged Property (including the Credit Provider as a result of a foreclosure, a deed in lieu of foreclosure or comparable conversion of the Loan) shall be liable for any breach or default of any obligation of any prior owner under the Regulatory Agreement or the Financing Agreement, including any payment or indemnification obligation. The owner of the Mortgaged Property at the time any default or breach occurs shall remain liable for any and all damages occasioned by such default or breach even after such Person ceases to be the owner. Upon seeking to collect such damages, neither the Issuer nor the Trustee shall have recourse against or the right to levy against or otherwise collect on any judgment from the Mortgaged Property.

**Events of Default**

The occurrence of any one or more of the following events shall constitute an Event of Default under the Financing Agreement:

(a) The Borrower fails to pay when due any amount payable by the Borrower under the Financing Agreement.
(b) The Borrower fails to observe or perform any covenant or obligation in the Financing Agreement on its part to be observed or performed for a period of 30 days after receipt of written notice from the Trustee specifying such failure and requesting that it be remedied; provided, however, that if the failure cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the validity or enforceability of the Bonds or on the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; and provided further that any such failure is cured within 90 days of receipt of notice of such failure.

(c) The Credit Provider provides written notice to the Trustee of an Event of Default under the Financing Agreement by reason of the occurrence of an Event of Default under the Reimbursement Agreement. No Event of Default under the Reimbursement Agreement shall constitute a default under the Financing Agreement unless specifically declared to be so by the Credit Provider. The Credit Provider shall make such declaration by written notice to the Trustee.

Remedies Upon an Event of Default

Subject to the Assignment, whenever any Event of Default occurs and is continuing under the Financing Agreement, the Issuer may take one or any combination of the following remedial steps:

(a) by written notice to the Borrower, declare all amounts then due and payable on the Note to be immediately due and payable;

(b) exercise any of the rights and remedies provided in the Loan Documents; and

(c) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and afterward to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

No Levy or Other Execution Against Project

Neither the Issuer nor the Trustee shall have any right to levy, execute or enforce any judgment in respect of the Borrower's obligations under the Financing Agreement, including the Reserved Rights, against the Project or any other property of the Borrower which secures the obligations of the Borrower under the Loan or to the Credit Provider under any of the Credit Facility Documents.

Amendment

No amendment to the Financing Agreement shall be binding upon the parties to the Financing Agreement until such amendment is reduced to writing and executed by such parties; provided, however, that no amendment, supplement or other modification to the Financing Agreement or any other Bond Document shall be effective without the prior written consent of the Credit Provider, subject to the provisions of the Financing Agreement.

Limited Liability of the Issuer

All obligations of the Issuer under the Financing Agreement, the Regulatory Agreement and the Indenture, shall be special, limited obligations of the Issuer, payable solely and only from the Trust Estate. No owner or owners of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the State or any political subdivision or other public body for the payment of the Bonds,
nor to enforce the payment of the Bonds against any property of the State or any such political subdivision or other public body, including the Issuer, except as provided in the Indenture. No member, officer, agent, employee or attorney of the Issuer, including any person executing the Financing Agreement on behalf of the Issuer, shall be liable personally under the Financing Agreement. No recourse shall be had for the payment of the principal of or the interest on the Bonds, for any claim based on or in respect of the Bonds or based on or in respect of the Financing Agreement, against any member, officer, employee or agent, as such, of the Issuer or any successor whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of the Financing Agreement and as part of the consideration for the issuance of the Bonds, expressly waived and released.
APPENDIX D

SUMMARY OF CERTAIN PROVISIONS
OF THE REGULATORY AGREEMENT

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

Definitions

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the United States Housing Act of 1937, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under the Code and the Act.

"Affordable Rent" or "Rents" means monthly rent (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to tenants or on behalf of the applicable Lower-Income Units) not in excess of thirty percent (30%) of one-twelfth of fifty percent (50%) of the Median Income for the Area, based upon the following assumed household sizes for the following sizes of residential units in the Project:

<table>
<thead>
<tr>
<th>Size of Units</th>
<th>Assumed Number of Persons in Household For Affordable Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1</td>
</tr>
<tr>
<td>One bedroom</td>
<td>2</td>
</tr>
<tr>
<td>Two bedrooms</td>
<td>3</td>
</tr>
<tr>
<td>Three bedrooms</td>
<td>4</td>
</tr>
<tr>
<td>Four bedrooms</td>
<td>5</td>
</tr>
<tr>
<td>Five or more bedrooms</td>
<td>As determined by HUD</td>
</tr>
</tbody>
</table>

"Area" means the Primary Metropolitan Statistical Area or Metropolitan Statistical Area in which the Project is located, as contemplated by the Code.

"City" means the City of Richmond, California.

"Inducement Date" means April 5, 1993.

"Issue Date" means the date on which the Prior Bonds were originally issued.

"Low Income Tenants" means individuals or families who have an Adjusted Income which does not exceed eighty percent (80%) of the Median Income for the Area, adjusted for household size.

"Lower-Income Tenants" means individuals or families, on the basis of the "Certification of Tenant Eligibility" attached to the Regulatory Agreement and incorporated by reference therein as certified by such individual or family, who have an Adjusted Income which does not exceed fifty percent (50%) of the Median Income for the Area, adjusted for household size.
"Lower-Income Units" means the dwelling units in the Project designated for occupancy by Lower-Income Tenants pursuant to the Regulatory Agreement.

"Median Income for the Area" means the median income for the Area as determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or if programs under Section 8 are terminated, median income for the Area determined under Section 50105 and 50079.5 of the California Health and Safety Code, as required by Section 33742(a)(1) of the Act.

"Qualified Project Period" means the period beginning on the Issue Date, and ending on the later of (a) the date which is 30 years after the Issue Date, (b) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, or (d) the last day of the term of any bonds issued under the Act to finance or refinance the Project.

Residential Rental Property

The Borrower represents, warrants and covenants in the Regulatory Agreement, at all times during the Qualified Project Period, as follows:

(a) The Project Facilities will be acquired and operated for the purpose of providing multifamily residential rental property and the Borrower shall own, manage and operate (or cause the management and operation of) the Project Facilities as a project to provide multifamily residential rental housing comprised of a building or structure or several interrelated buildings or structures, each consisting of more than one dwelling unit and facilities functionally related and subordinate thereto, and no other facilities. As used in the Regulatory Agreement facilities functionally related and subordinate to the Project Facilities shall include facilities for use by the tenants, including, for example, swimming pools, other recreational facilities, parking areas, and other facilities which re reasonably required for the Project Facilities, for example, heating and cooling equipment, trash disposal equipment or units for resident managers or maintenance personnel. The Project at all times will be owned and operated by an organization described in Section 501(c)(3) of the Code in a manner so as to not constitute an unrelated trade or business or such organization, or by a governmental unit (as described in Section 145 of the Code).

(b) All of the dwelling units in the Project are similarly constructed, and each dwelling unit in the Project contains facilities for living, sleeping, eating, cooking and sanitation for a single person or a family which are complete, separate and distinct from other dwelling units in the Project and includes a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be used on a transient basis and the Borrower will not rent any of the units for a period of less than thirty (30) consecutive days, and none of the dwelling units in the Project will at any time be leased or rented for use as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time be owned or used by a cooperative housing corporation. Other than filing a condominium map and a final subdivision map on the Project and obtaining a Final Subdivision Public Report form the California Department of Real Estate, the Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.
(e) All of the dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Lower-Income Tenants.

(f) The Project Site consists of a parcel or parcels that are contiguous (parcels are contiguous if their boundaries meet at one or more points) except for the interposition of a road, street or stream, and all of the Project Facilities and the Project comprise a single geographically and functionally integrated project for multifamily rental housing, as evidenced by the common ownership, management, accounting and operation of the Project.

(g) The Borrower will not sell dwelling units within the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of units in the Project.

(i) The Borrower shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project, or in connection with the employment or application for employment of persons for the operation and management of the Project.

Lower-Income Tenants

The Borrower represented, warranted and covenanted in the Regulatory Agreement that, at all times during the Qualified Project Period:

(a) (i) Not less than twenty percent (20%) of the units in the Project shall be continuously occupied or held vacant and available for occupancy by Lower-Income Tenants, and (ii) the rents for one-half of the Lower-Income Units shall be Affordable Rents.

A unit occupied by a Lower-Income Tenant who at the commencement of the occupancy is a Lower-Income Tenant shall be treated as occupied by a Lower-Income Tenant until a recertification of such tenant's income in accordance with the following paragraph demonstrates that such tenant no longer qualifies as a Lower-Income Tenant and thereafter any residential unit of comparable or smaller size in the Project is occupied by a new resident other than a Lower-Income Tenant. Moreover, a unit previously occupied by a Lower-Income Tenant and then vacated shall be considered occupied by a Lower-Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one days.

On or about each anniversary of the Issue Date, the Borrower shall recertify the income of the occupants of each Lower-Income Unit by obtaining a completed Certification of Tenant Eligibility based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 70% of the Median Income for the Area, such household will no longer qualify as Lower-Income Tenants if the Borrower rents any available unit of comparable or smaller size to anyone who is not a Lower-Income Tenant. In the event the recertification demonstrates that such household's income exceeds 70% of the Median Income for the Area, the Borrower covenants to rent the next available unit of comparable or smaller size to tenants who are Lower-Income Tenants so that at least twenty percent (20%) of the units in the Project remain occupied by Lower-Income Tenants.
The Lower-Income Units will be intermingled with all other dwelling units and on all floors in the Project and shall be of a quality, and offer a range of sizes and number of bedrooms, comparable to those units which are available to other tenants. Tenants in the Lower-Income Units shall have equal access and enjoyment to all common facilities of the Project.

(b) The Borrower will rent or lease the Lower Income Units to Lower-Income Tenants and, if at any time the Borrower is unable to rent or lease the Lower-Income Units to Lower-Income Tenants, the Borrower will hold the unrented Lower-Income Units vacant pending rental or lease to Lower-Income Tenants.

The Borrower shall give priority in the processing of applications for tenants for the Lower-Income Units to tenants residing in the Project as of the Issue Date, and to persons who are referred by the Issuer as prospective tenants for the Project. The Borrower shall not apply selection criteria to Lower-Income Tenant applicants referred by the Issuer that are more burdensome than criteria applied to all other Lower-Income Tenants.

(c) The Borrower will obtain and maintain on file Certifications of Tenant Eligibility from each Lower-Income Tenant in the form attached as an exhibit to the Regulatory Agreement.

(d) The Borrower will maintain complete and accurate records pertaining to Lower-Income Units, and will permit any duly authorized representative of the Issuer, the Administrator, or the Trustees to inspect the books and records of the Borrower pertaining to the incomes of and rents charged to Lower-Income Tenants residing in the Project.

(e) The Borrower will prepare and submit to the Issuer, the Administrator and the Trustees, within thirty (30) days after the anniversary of the Issue Date in each year a certificate executed by the Borrower stating (i) the percentage of the dwelling units in the Project which were occupied by Lower-Income Tenants (or held vacant and available for occupancy by Lower-Income Tenants) during such period, (ii) that to the Borrower's knowledge no default has occurred under the Regulatory Agreement, and (iii) that all fees due to the Trustee, the Issuer and the Administrator under the Loan Agreement have been paid.

Upon timely receipt of documents to be provided as described in this section, the Trustee shall be entitled, without further review, to assume compliance by the Borrower with this heading, unless otherwise specifically notified in writing of non-compliance.

Low Income Tenants

The Borrower represented, warranted and covenanted in the Regulatory Agreement that, at all times during the first five (5) years of the Qualified Project Period, and any extensions of the initial five (5) year period for additional five (5) year periods not to extend beyond the Qualified Project Period but in any event subject to the provisions of the Loan Agreement, not less than twenty percent (20%) of the units in the Project shall be continuously occupied or held vacant and available for occupancy by Low Income Tenants. The requirements of this paragraph are in addition to the units required for Lower-Income Tenants under the Regulatory Agreement; provided, however, that at no time shall the total number of units restricted under the Regulatory Agreement exceed a total of forty percent (40%) of the units in the Project.
Recordation

The Borrower warranted, represented and covenanted in the Regulatory Agreement that it would cause the Regulatory Agreement to be recorded in the real property records of the County of Contra Costa, California and in such other places as the Issuer, the Administrator or the Trustee may reasonably request.

Sale or Transfer of the Project

The Borrower covenanted and agreed not to sell, transfer or otherwise dispose of the Project or any portion thereof (other than for individual tenant use as contemplated under the Regulatory Agreement), without obtaining the prior written consent of the Issuer and the Trustee, which consent shall not be unreasonably withheld upon (i) receipt by the Issuer of reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, and is reasonably capable of performing and complying with, the Borrower's duties and obligations under the Regulatory Agreement, the Loan Agreement and the Deed of Trust; and (ii) receipt by the Issuer and the Trustee of an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Borrower under the Regulatory Agreement, the Loan Agreement and the Deed of Trust and that such obligations and the Regulatory Agreement, the Loan Agreement and the Deed of Trust are legal, valid and binding obligations of the transferee, (iii) receipt by the Issuer and the Trustee of a certificate of a Borrower Representative to the effect that no default has occurred and is continuing under the Regulatory Agreement, the Loan Agreement and the Deed of Trust, (iv) receipt by the Issuer and the Trustee of the written consents of the owners of a majority in principal amount of the Bonds Outstanding, (v) a reasonable determination by the Issuer that such disposition is not in violation of any adopted ordinances or written policies of the City of Richmond, and (vi) evidence that all fees due the Issuer, the Administrator and the Trustee under the Loan Agreement are current. Any sale, transfer or other disposition of the Project in violation of such provision shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Nothing contained in such section of the Regulatory Agreement shall affect any provision of the Deed of Trust or any other document or instrument between the Borrower and the Issuer or the Trustee which requires the Borrower to obtain the consent of the Issuer or the Trustee as a precondition to sale, transfer or other disposition of the Project or which gives the Issuer or the Trustee the right to accelerate the maturity of the Loan, or to take some other similar action with respect to the Loan upon the sale, transfer or other disposition of the Project.

Enforcement

If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement and such default remains uncured for a period of thirty days after notice thereof is given by the Issuer, the Administrator or the Trustee to the Borrower, then the Issuer, or upon written direction of the Issuer, the Trustee on behalf of the Issuer, may take any one or more of the following steps:

(a) By mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations under the Regulatory Agreement, or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer, the Administrator or a Trustee thereunder;

(b) Have access to, and inspect, examine and make copies of, all of the books and records of the Borrower pertaining to the Project;
(c) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower under the Regulatory Agreement; or

(d) Subject to the terms of the Indenture and the Loan Agreement, require the Trustee to declare a default under the Loan Agreement, to accelerate the Loan, and to proceed to redeem the Bonds in accordance with the Indenture.

Term

The Regulatory Agreement became effective upon its execution and delivery. The Regulatory Agreement is required to remain in full force and effect for the Qualified Project Period, and the provisions thereof are intended to survive the retirement of the Bonds and the Loan. The terms of the Regulatory Agreement to the contrary notwithstanding, the Regulatory Agreement is required to terminate and be of no further force and effect in the event of (i)(a) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a Federal agency after the date of the Regulatory Agreement which prevents the Issuer and the Trustee from enforcing the requirements of the Regulatory Agreement, or condemnation or a similar event and (ii) the payment in full and retirement of the Bonds prior thereto or within a reasonable period thereafter; provided, however, that the preceding provisions of this sentence are required to cease to apply and the restrictions contained in the Regulatory Agreement are required to be reinstated if, at any time subsequent to the termination of such provisions as a result of the foreclosure of the lien of the Security Instrument or the delivery of a deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 103(b) of the Code) obtains an ownership interest in the Project for Federal income tax purposes. Upon the termination of all and several of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms thereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms.

Limited Liability

All obligations of the Issuer incurred under the Regulatory Agreement shall be limited obligations, payable solely and only from Bond proceeds and amounts derived by the Issuer under certain sections of the Loan Agreement. The Issuer shall have no responsibility to monitor the Borrower's compliance with the terms of the Regulatory Agreement. The Issuer shall have no liability to tenants of the Project, Bondowners or any other person or entity by reason of a failure of the Borrower to comply with any provision of the Regulatory Agreement.

Fannie Mae Rider to the Regulatory Agreement

During any period when the Credit Facility is effective with respect to the Bonds and Fannie Mae is not in default of its payment obligations with respect thereto, the provisions of the Fannie Mae Rider to the Regulatory Agreement (the “Rider”), attached to the First Amendment to the Regulatory Agreement (the “First Amendment to the Regulatory Agreement”), will apply and, during such period, the terms provisions and conditions of the Regulatory Agreement will be subject and subordinate in all respects to the terms, conditions and provisions of the Rider.
Applicability. The Rider amends and supplements the Regulatory Agreement. In the event any provision of the Rider conflicts with the Regulatory Agreement, the Rider will supersede the conflicting provision of the Regulatory Agreement. The Rider will apply in spite of the fact that the covenants, reservations and restrictions of the Regulatory Agreement run with the land and may be deemed applicable to any successor in interest to the Borrower.

Obligations not Secured by the Project. The Regulatory Agreement shall not constitute a mortgage, equitable mortgage, deed of trust, deed to secure debt or other lien or security interest in the Project. None of the obligations of the Borrower or any subsequent owner of the Project under the Regulatory Agreement will be secured by a lien on, or security interest in, the Project. All such obligations are expressly intended to be and will remain unsecured obligations. The occurrence of an event of default under the Regulatory Agreement will not impair, defeat or render invalid the lien of the Security Instrument.

Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than certain provisions of the Regulatory Agreement specified in the First Amendment to the Regulatory Agreement, are and will at times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Loan Documents. Upon a conveyance or other transfer of title to the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, the Person who acquires title to the Project pursuant to such foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan (unless such Person is the Borrower or a Person related to the Borrower within the meaning of Section 1.103-10(e) of the Regulations, in which event the Regulatory Agreement will remain in full force and effect in its entirety) will acquire such title free and clear of the terms, covenants and restrictions of the Regulatory Agreement, other than certain provisions of the Regulatory Agreement specified in the First Amendment to the Regulatory Agreement and, from and after the date on which such Person acquires title to the Project, the terms, covenants and restrictions of the Regulatory Agreement, other than certain provisions of the Regulatory Agreement specified in the First Amendment to the Regulatory Agreement, will automatically terminate and be of no force and effect; provided that the certain sections of the Regulatory Agreement excepted from subordination will also terminate and be of no force or effect under the circumstances set forth in the Regulatory Agreement.

Obligations Personal. The Issuer agrees that no owner of the Project (including Fannie Mae) subsequent to the Borrower will be liable for, assume or take title to the Project subject to:

(a) any failure of any prior owner of the Project to perform or observe any representation or warranty, affirmative or negative covenant or other agreement or undertaking under the Regulatory Agreement; and

(b) the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by any prior owner of the Project under the Regulatory Agreement

The Borrower and each subsequent owner of the Project will be responsible under the Regulatory Agreement for its own acts and omissions occurring during the period of its ownership of the Project. All such liability and obligations will be and remain personal to such person even after such person ceases to be the owner of the Project.

Sale or Transfer.

(a) Restrictions Not Applicable to Certain Transfers. All provisions of the Regulatory Agreement regarding the sale or transfer of the Project or of any interest in the Borrower, including any requirement, limitation or condition precedent for any of (i) the consent of the Issuer or the Trustee to
such transfer, (ii) an agreement by any transferee to abide by the requirements and restrictions of the Regulatory Agreement, (iii) transferee criteria or other similar requirements, (iv) an opinion of legal counsel and (v) the payment of any assumption fee, transfer fee, penalty or other charges, will not apply to any of the following:

(i) any transfer of title to the Project to Fannie Mae or to third party by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Project;

(ii) to any subsequent transfer by Fannie Mae (or a third party) following foreclosure, deed in lieu of foreclosure or comparable conversion;

(iii) any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any additional indebtedness of the Borrower which is originated by a lender for sale to Fannie Mae or guaranteed or otherwise credit enhanced by Fannie Mae; and

(iv) any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any indebtedness incurred by the Borrower which effectively refinances the Loan.

(b) **Fannie May Rights to Consent Not Impaired.** Nothing contained in the Regulatory Agreement will affect any provision of the Security Instrument or any of the other Credit Enhancement Documents or Loan Documents which required the Borrower to obtain the consent of Fannie Mae as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument.

(c) **Conclusive Evidence.** Any written consent to a sale or transfer obtained from the Issuer shall constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions of the Regulatory Agreement

**Damage, Destruction or Condemnation of the Project.** In the event that the Project is damaged or destroyed or title to the Project, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower will comply with all applicable requirements of the Security Instrument and the other Loan Documents.

**Regulatory Agreement Default.** Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement will not impair, defeat or render invalid the lien of the Security Instrument.

(b) The occurrence of an event of default under the Regulatory Agreement will not be or be deemed to be a default under the Loan Documents, except as may be otherwise specified in the Loan Documents.

(c) Upon any default by the Borrower under the Regulatory Agreement, the Assignment will govern the remedies and other actions which the Issuer may take on account of such default.

**Amendments.** Unless the Assigned Rights (as that term is defined in the Assignment) are transferred to the Trustee pursuant to the Assignment, the Issuer will not consent to any amendment,
supplement to, or restatement of the Regulatory Agreement without the prior written consent of Fannie Mae.
APPENDIX E

DIRECT PAY
IRREVOCABLE TRANSFERABLE
CREDIT ENHANCEMENT INSTRUMENT
(The Summit at Hilltop Apartments)

August 29, 2003
U.S. $15,995,841
Relating to Loan No._____

U.S. Bank National Association, as Trustee
1 California Street, Suite 2550
San Francisco, CA 94111

At the request of BRIDGE Housing Acquisitions, Inc. ("Borrower"), Fannie Mae ("Fannie Mae") issues this direct pay irrevocable, transferable Credit Enhancement Instrument ("Credit Enhancement Instrument") to U.S. Bank National Association ("Trustee"), not in its individual or corporate capacity but solely as Trustee for the owners of $15,780,000 aggregate principal amount of the Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A ("Bonds") issued pursuant to the Trust Indenture ("Indenture") dated as of August 1, 2003 between Richmond Redevelopment Agency ("Issuer") and the Trustee.

1. **Definitions.** Capitalized terms used in this Credit Enhancement Instrument have the meanings given to those terms in this Section 1 or elsewhere in this Credit Enhancement Instrument.

   "Advance" means a Principal Advance, Interest Advance, Pledged Bonds Advance or Issuer's Fee Advance, as such terms are defined in Section 3.

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

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

   "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (iii) any day on which banking institutions located in the city or cities in which the Designated Office (as that term is defined in the Indenture) of the Trustee, the Remarketing Agent or the Loan Servicer is located are required or authorized by law or executive order to close, (iv) prior to the date upon which the interest rate on the Bonds adjusts to a fixed rate mode, a day on which the New York Stock Exchange is closed or (v) any day on which Fannie Mae is closed.
“Certificate” means any certificate in the form attached to this Credit Enhancement Instrument as an Exhibit or such other form as provided in Section 3. If the certificate is submitted to Fannie Mae by personal delivery or by telecopy, the certificate must be signed by one who purports to be an authorized officer of the Trustee. If the certificate is submitted to Fannie Mae in any other medium (such as e-mail or a web based medium), the certificate must be authenticated as provided in the related Presentation Protocol.

“Credit Enhancement Instrument” means this Credit Enhancement Instrument as the same may be amended, supplemented or restated from time to time.

“Excluded Bond” means any Bond which is not Outstanding (as that term is defined in the Indenture), any Bond registered in the name of or otherwise owned, directly or indirectly, by the Borrower or any Affiliate of the Borrower or any Pledged Bond.

“Expiration Date” means the Expiration Date stated in Section 7.

“Interest Portion” has the meaning given that term in Section 2.

“Issuer’s Fee” means the regularly scheduled annual fee of that portion of the Issuer’s regularly scheduled fee equal to 0.25% of the outstanding principal amount of the Bonds.

“Issuer’s Fee Portion” has the meaning given that term in Section 2.

“Loan” means the mortgage loan made by the Issuer to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to repay the Prior Loan and cause the refunding of the Prior Bonds and to finance the rehabilitation of the Mortgaged Property.

“Loan Servicer” means initially ARCS Commercial Mortgage Co., L.P. or any other entity approved by Fannie Mae in its discretion as the servicer of the Loan, and any permitted successors or assigns.

“Note” means the Multifamily Note (together with all addenda thereto) dated as of August 1, 2003, executed by the Borrower in favor of the Issuer, as the same may be amended, supplemented or restated from time to time or any mortgage note executed in substitution therefor in accordance with the terms of the Bond Documents, as such substitute note may be amended, supplemented or restated from time to time.

“Pledged Bond” means any Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Borrower with the proceeds of an Advance under this Credit Enhancement Instrument, to, but excluding, the date on which the Pledged Bonds Advance made by the Credit Provider on account of such Pledged Bond is reinstated under this Credit Enhancement Instrument.

“Presentation Protocol” means an agreement between Fannie Mae and the Trustee regarding one or more media through which the Trustee may present Certificates to Fannie Mae under this Credit Enhancement Instrument, as such agreement may be amended, supplemented or restated from time to time.

“Principal Portion” has the meaning given that term in Section 2.
“Reimbursement Agreement” means the Reimbursement Agreement, dated as of August 1, 2003, between Fannie Mae and the Borrower, as such agreement may be amended, supplemented or restated from time to time.

“Remarketing Agent” means the remarketing agent under the Indenture.

“Reset Rate” means the rate of interest borne by the Bonds for a period of ten or more years (or such shorter period as consented to by Fannie Mae) as determined in accordance with the Indenture.

“Tender Agent” means the tender agent under the Indenture.

“Termination Date” means, subject to Section 7(d), the date on which this Credit Enhancement Instrument terminates in accordance with Section 7(b).

“Trustee” means U.S. Bank National Association, a national banking association, not in its individual or corporate capacity, but solely as trustee under the Indenture, or any permitted successor trustee under the Indenture.

2. **Amount Available.** Subject to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae irrevocably authorizes the Trustee to draw on Fannie Mae, from time to time, from and after the date of this Credit Enhancement Instrument to, and including, the earlier of the Expiration Date or the Termination Date, a maximum aggregate amount not exceeding $15,995,841 (as such amount may be reduced or reinstated from time to time in accordance with Section 8, “Amount Available”), of which:

   (a) up to $15,780,000 (“Principal Portion”) may be drawn with respect to the unpaid principal of the Bonds or, as the case may be, the principal portion of the purchase price of the Bonds;

   (b) up to $176,391 (“Interest Portion”), or 34 days interest on the Bonds (calculated at an assumed rate on the Bonds of 12% per annum on the basis of a year of 365 days), may be drawn with respect to interest actually accrued on the Bonds or, as the case may be, the interest portion of the purchase price of the Bonds; and

   (c) up to $39,450 (“Issuer’s Fee Portion”) may be drawn with respect to the Issuer’s Fee.

3. **Advances.** Each demand for an Advance shall be made by the Trustee’s presentation to Fannie Mae of a Certificate:

   (a) in the form of Exhibit A to pay principal of the Bonds (other than Excluded Bonds) due as a result of the acceleration, defeasance, redemption or stated maturity thereof (“Principal Advance”);

   (b) in the form of Exhibit B to pay interest on the Bonds (other than Excluded Bonds) on or prior to their stated maturity date (“Interest Advance”);

   (c) in the form of Exhibit C to pay principal of, plus accrued interest on, Bonds tendered for purchase pursuant to the Indenture (“Pledged Bonds Advance”); and

   (d) in the form of Exhibit D to pay the Issuer’s Fee if not paid when due (“Issuer’s Fee Advance”).

Any Certificate submitted to Fannie Mae by the Trustee shall have all blanks appropriately completed and shall be signed by one who states therein that he or she is an authorized officer of the Trustee. Fannie
Mae’s obligation to honor any demand for an Issuer’s Fee Advance is a standby obligation, payable if the Issuer’s Fee is not otherwise paid, and Fannie Mae’s obligation to honor any demand for all other Advances is a direct pay obligation, without regard to whether the Borrower has made any such payment.

Neither demands for, nor Advances, may be made under this Credit Enhancement Instrument to pay (i) principal of, interest on or the purchase price of, any Excluded Bond, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond.

Fannie Mae may amend the form of any Certificate or delete any of the information, statements and certifications set out in the form of any Certificate to accommodate the sending of such Certificate by a medium pursuant to a Presentation Protocol. No such amendment may (i) require any additional information, statement or certification than that required by such form of certificate attached to this Credit Enhancement Instrument on the date of issuance, (ii) modify the timing for the presentation of such Certificate, and the payment thereof, or (iii) require personal delivery with respect to the presentation of any Certificate with respect to which payment is to be made on the same Business Day.

4. **Presentation of Certificates.** Each Certificate must be given to Fannie Mae by:

   (a) personal delivery at 3900 Wisconsin Avenue, Washington, D.C. 20016, Attention: Vice President, Multifamily Services;

   (b) telecopy to phone number (202) 752-8374, immediately followed by telephonic notice to the Vice President, Multifamily Services at telephone number (202) 752-7869; or

   (c) such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.

A Presentation Protocol may provide that the Trustee may not submit a Certificate by telecopy after a stated date or may only submit Certificates by telecopy after a certain date with the prior written permission of Fannie Mae, in which case subsection (b) shall be automatically deemed amended to that effect.

Fannie Mae will notify the Trustee in writing of any change in address or telecopy number to which all Certificates must be delivered or of any change relating to the person to be called for telephonic notices confirming telecopy communications. Any such written notice shall be effective upon receipt by the Trustee.

5. **Fannie Mae’s Engagement.** Upon due receipt by Fannie Mae of a Certificate conforming to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will honor payment of the amount specified in such Certificate if presented as specified below on or before the earlier of the Expiration Date or the Termination Date:

   (a) If a presentation in respect of a Principal Advance, Interest Advance or Pledged Bonds Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture is made:

      (i) at or prior to 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the next following Business Day.
(ii) after 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the second following Business Day.

(b) If a presentation in respect of a Pledged Bonds Advance (other than a Pledged Bonds Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture) is made:

(i) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:30 p.m. Eastern time on the same Business Day.

(ii) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:30 p.m. Eastern time on the next following Business Day.

(c) If a presentation in respect of an Issuer’s Fee Advance is made:

(i) at or prior to 5:00 p.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the fifth Business Day following such presentation.

(ii) after 5:00 p.m. Eastern time on a Business Day, payment shall be made to the Trustee of the amount specified no later than 1:00 p.m. Eastern time on the sixth Business Day following such presentation.

All Advances made under this Credit Enhancement Instrument will be made with Fannie Mae’s own funds in immediately available funds.

6. **Nonconforming Tender.** If a demand for payment under this Credit Enhancement Instrument made by the Trustee does not conform to the terms and conditions of this Credit Enhancement Instrument, Fannie Mae will notify the Trustee of such lack of conformity within a reasonable time after delivery of such demand for payment, such notice to be promptly confirmed in writing to the Trustee, and Fannie Mae shall hold all documents at the Trustee’s disposal or, at the Trustee’s option, return the same to the Trustee.

7. **Expiration and Termination.**

(a) **Expiration.** This Credit Enhancement Instrument shall expire at 4:00 p.m. Eastern time on September 20, 2033 (“Expiration Date”).

(b) **Termination Before Expiration Date.** This Credit Enhancement Instrument shall automatically terminate prior to the Expiration Date on the first to occur of: (i) the honoring by Fannie Mae of an Advance which automatically and permanently reduces the Principal Portion to zero, (ii) 4:00 p.m. Eastern time on the day following the last day of any period during which the Bonds bear interest at a Reset Rate unless Fannie Mae has notified the Trustee prior to such date that it elects to waive such termination, and (iii) Fannie Mae’s receipt of a Certificate in the form of Exhibit G (which shall be conclusive evidence of the matters set forth therein). The date determined in the preceding sentence is the “Expiration Date.”

(c) **Delivery.** Upon the Expiration Date or the Termination Date, whichever first occurs, the Trustee shall deliver this Credit Enhancement Instrument to Fannie Mae for cancellation.
(d) **Business Day Convention.** In the event that any date on which this Credit Enhancement Instrument would otherwise expire or terminate is not a Business Day, this Credit Enhancement Instrument shall continue in effect and shall not expire or terminate until 4:00 p.m. Eastern time on the next Business Day.

8. **Reduction and Reinstatement of Amount Available.** The Amount Available shall be reduced or reinstated from time to time in accordance with this Section.

(a) **Automatic Reduction on Making any Advance.** The Amount Available shall be reduced automatically by the amount of each Advance paid by Fannie Mae, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit Enhancement Instrument. Each reduction shall be permanent or subject to reinstatement as provided in this Section. Such reduction shall be applied to the Principal Portion, the Interest Portion and the Issuer’s Fee Portion as appropriate for the Advance to which the reduction relates.

(b) **Permanent Reduction for each Principal Advance.** The Principal Portion, Interest Portion and Issuer’s Fee Portion shall be reduced automatically and permanently upon the making of any Principal Advance as follows:

(i) the Principal Portion will be reduced by the amount of the Principal Advance;

(ii) the Interest Portion will be reduced by an amount equal to 34 days of interest (calculated at the rate of 12% per annum on the basis of a year of 365 days) on the amount of the related permanent reduction of the Principal Portion; and

(iii) the Issuer’s Fee Portion will be reduced in an amount equal to 0.25% multiplied by the amount of the related permanent reduction of the Principal Portion.

(c) **Permanent Reduction on Notice from the Trustee.** The Amount Available shall be reduced automatically by the amounts specified in any Certificate in the form of Exhibit E which is delivered to Fannie Mae. Such reduction shall be applied to the Principal Portion, the Interest Portion and the Issuer’s Fee Portion as set out in the Certificate.

(d) **Reinstatement of Interest Portion for Interest Advance.** Except for a permanent reduction of the Interest Portion under subsection (b)(ii), the amount of the Interest Portion reduced by an Interest Advance shall be reinstated immediately and automatically.

(e) **Reinstatement of Pledged Bonds Advance.** The Principal Portion and the Interest Portion shall be reinstated after each Pledged Bonds Advance upon receipt by Fannie Mae of money equal to the amount by which the Trustee requests Fannie Mae to increase the Principal Portion and the Interest Portion in a Certificate of Reinstatement in the form of Exhibit F.

(f) **Reinstatement of Issuer’s Fee Advance.** Except for a permanent reduction of the Issuer’s Fee Portion under subsection (b)(iii), the amount of the Issuer’s Fee Portion reduced by an Issuer’s Fee Advance shall be reinstated immediately and automatically.

Upon any permanent reduction of the Amount Available, Fannie Mae may deliver to the Trustee a substitute Credit Enhancement Instrument in exchange for this Credit Enhancement Instrument, in an amount available equal to the then current Amount Available, but otherwise having terms identical to this Credit Enhancement Instrument.
9. **Discharge of Obligations.** Only the Trustee may demand an Advance under this Credit Enhancement Instrument. Upon payment to the Trustee of the amount specified in any Certificate presented under this Credit Enhancement Instrument, Fannie Mae shall be fully discharged of its obligation under this Credit Enhancement Instrument with respect to such Certificate and Fannie Mae shall not thereafter be obligated to make any further payment to the Trustee or any other person (including the Issuer, with respect to payment of the Issuer’s Fee) in respect of such Certificate for payment of principal of, purchase price of, or interest on any Bond, or payment of the Issuer’s Fee.

10. **Nature of Fannie Mae’s Obligations.** Fannie Mae’s obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of this Credit Enhancement Instrument is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with this Credit Enhancement Instrument, and shall not be affected by any right of set-off, recoupment or counterclaim Fannie Mae might otherwise have against the Issuer, the Trustee, the Tender Agent, the Remarketing Agent, the Borrower, the Loan Servicer or any other person.

Fannie Mae’s obligations under this Credit Enhancement Instrument are primary obligations and shall not be affected by the performance or non-performance by the Issuer under the Indenture or the Bonds or by the Borrower under the Note or the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Issuer, the Trustee, the Borrower or Fannie Mae.

11. **Transfer.** This Credit Enhancement Instrument may be successively transferred in whole only, to each successor Trustee under the Indenture. Any such transfer shall be effective upon receipt by Fannie Mae of a signed copy of the instrument effecting such transfer signed by the transferor and by the transferee in the form attached as Exhibit H (which shall be conclusive evidence of such transfer). In each such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Credit Enhancement Instrument in the transferor’s place.

12. **Notices and Deliveries.** All documents, notices and other communications, other than Certificates, shall be in writing and personally delivered to Fannie Mae at the address (and to the attention of the party) set out in Section 4(a) or may be sent to Fannie Mae by telecopy immediately followed by telephonic notice as set out in Section 4(b), as such address, telephone numbers and parties to whom such notices are sent are changed by Fannie Mae pursuant to Section 4.

13. **Governing Law.** This Credit Enhancement Instrument shall be governed by the laws of the District of Columbia, including the Uniform Commercial Code as in effect in the District of Columbia.

Remainder of page is intentionally blank.
14. **Entire Credit Enhancement Instrument.** This Credit Enhancement Instrument sets forth in full the terms of Fannie Mae's undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit Enhancement Instrument (including, without limitation, the Bonds) or in which this Credit Enhancement Instrument is referred to or to which this Credit Enhancement Instrument relates, except for (i) the Exhibits referred to in this Credit Enhancement Instrument and (ii) any Presentation Protocol, all of which shall be deemed fully incorporated into this Credit Enhancement Instrument as if fully set forth herein.

FANNIE MAE

By: ________________________________
Name: ________________________________
Title ________________________________
CERTIFICATE FOR “PRINCIPAL ADVANCE”

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ____ (“Credit Enhancement Instrument”) $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the direct pay Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of $_______ under the Principal Portion of the Available Amount to be used to pay principal of the Bonds due as a result of the acceleration, defeasance, redemption or stated maturity of the Bonds pursuant to the Indenture.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

   (a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

   (b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at [specify account].

(4) **Amount Available.** Upon the payment of the Advance:

   (a) **Reduction of Amount Available.** The Amount Available shall be reduced automatically and permanently by [insert amount of reduction] of which:

      (i) $_______ is attributable to the Principal Portion;

      (ii) $_______ is attributable to the Interest Portion; and

      (iii) $_______ is attributable to the Issuer’s Fee Portion (computed at a rate of 0.25% multiplied by the outstanding principal amount of the Bonds).

   (b) **New Amount Available.** The Amount Available will be $_______, of which:

      (i) $_______ will be the Principal Portion;
(ii) $_______ will be the Interest Portion; and

(iii) $_______ will be the Issuer’s Fee Portion (computed at a rate of 0.25% multiplied by the outstanding principal amount of the Note)

(5) **Other Matters.**

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

(b) The principal of the Bonds (other than Excluded Bonds) that is due on [Trustee: complete this blank using the first Business Day after the date of this Certificate] is $_______. The amount of the Advance demanded in Paragraph 1 does not exceed such amount of principal.

(c) The amount of the Advance (i) does not exceed the Principal Portion of the Amount Available on the date of this Certificate and (ii) was computed in accordance with the Bonds and the Indenture.

(d) Upon the payment referred to in Paragraph 1, the aggregate principal amount of all Bonds outstanding will be $_______.

(e) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(f) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(g) The aggregate principal amount of all Excluded Bonds outstanding is $_______.

(h) The amount of interest (computed at the Maximum Interest Rate (as that term is defined in the Indenture), which currently is _____* percent per annum) on the basis of the actual number of days elapsed over a year of 365 or 366 days, as applicable), accruing on the Bonds referred to in subparagraph (d) above in any period of ____** days is $_______.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ___ day of ______, _____.

[Signature]

as Trustee

By: ____________________________

Authorized Officer

* Trustee: Fill in current Maximum Interest Rate.
** Trustee: Fill in number of days of interest coverage required to be supplied by the Interest Portion.
Exhibit B

CERTIFICATE FOR “INTEREST ADVANCE”

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ (“Credit Enhancement Instrument”) $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) Demand for Advance. The Trustee demands an Advance in the amount of $_______ under the Interest Portion of the Available Amount to be used to pay interest on the Bonds (other than Excluded Bonds) on or prior to their stated maturity date.

(2) When the Advance Must be Made. If this demand for Advance is made:

(a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

(b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

(3) Where the Advance Must be Made. Please pay the Advance demanded by this Certificate to the Trustee at [specify account].

(4) Other Matters.

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

(b) The amount of the Advance referred to in Paragraph 1 was computed in accordance with the Bonds and the Indenture and does not exceed the amount of interest that is (i) due on the Business Day following the date of this Certificate on the Bonds and (ii) the Interest Portion of the Amount Available on the date of this Certificate.

(c) Upon receipt by the Trustee of the amount demanded by this Certificate, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(d) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.
Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ___ day of ________.

__________________________
as Trustee
By: _______________________
Authorized Officer
Exhibit C

CERTIFICATE FOR "PLEDGED BONDS ADVANCE"

DIRECT PAY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ ("Credit Enhancement Instrument") $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below ("Trustee"), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of $______, consisting of (i) $______ under the Principal Portion of the Amount Available to be used to pay the principal portion of the purchase price of Bonds and (ii) $______ under the Interest Portion of the Amount Available to be used to pay the interest portion of the purchase price of Bonds purchased pursuant to Section 4.1(a), 4.2(a) or 4.2(b) of the Indenture ("Tendered Bonds").

(2) **When the Advance Must be Made.** (Trustee: check applicable box)

- The Advance relates to a mandatory tender of Bonds pursuant to Section 4.2(b) of the Indenture. Accordingly, if this demand for Advance is made:

  (w) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the next following Business Day.

  (x) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the second following Business Day.

- The Advance does not relate to a mandatory tender of Bonds pursuant to Section 4.2(b) of the Indenture. Accordingly, if this demand for Advance is made:

  (y) at or prior to 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 1:30 p.m. Eastern time on the same Business Day.

  (z) after 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 1:30 p.m. Eastern time on the next following Business Day.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at [specify account].
Other Matters.

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

(b) The amount demanded pursuant to Paragraph 1 does not exceed the amount necessary, at the time of the presentation of this Certificate to Fannie Mae, to pay the purchase price of the Tendered Bonds which the Remarketing Agent has not remarketed or for which the Remarketing Agent has not received sufficient remarketing proceeds to pay the purchase price of the Tendered Bonds.

(c) The principal component of the aggregate purchase price of the Tendered Bonds that is due on the date of this Certificate is $_______, and the amount of the Advance relating to the Principal Portion referred to in Paragraph 1 does not exceed such amount of principal. The aggregate accrued interest component of the purchase price of the Tendered Bonds that is due on the date of this Certificate is $_______ and the amount of the Advance relating to the Interest Portion referred to in Paragraph 1 does not exceed such amount.

(d) On the date of this Certificate, (i) the principal portion of the Advance does not exceed the Principal Portion of the Amount Available and (ii) the interest portion of the Advance does not exceed the Interest Portion of the Amount Available. The amount of the Advance was computed in accordance with the Bonds and the Indenture.

(e) Upon receipt by the Trustee of the Advance demanded by this Certificate, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.

(f) The proceeds of the Advance demanded by this Certificate will not be applied to defease, redeem or pay (whether at stated maturity or by acceleration) any Excluded Bond.

(g) Bonds in a principal amount equal to the Principal Portion of the Advance made under this Certificate will be delivered to [Custodian]* or if, and only if, delivery of the Bonds is not possible, a written entitlement order will be delivered to the applicable financial intermediaries on whose records ownershio of the Pledged Bonds is reflected directing the intermediaries to credit the security entitlement to the Pledged Bonds to the account of [Custodian]* for the benefit of Fannie Mae and a written confirmation of such credit will be delivered to the [Custodian]*.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ___ day of ______, ___.

__________________________
as Trustee

By: ____________________________
Authorized Officer

* Fill in name of Custodian under the Pledge Agreement.
Exhibit D

CERTIFICATE FOR “ISSUER'S FEE ADVANCE”

STAND-BY

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ (“Credit Enhancement Instrument”) $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below (“Trustee”), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, that:

(1) **Demand for Advance.** The Trustee demands an Advance in the amount of $_____ under the Issuer's Fee Portion of the Available Amount to be used to pay the Issuer’s Fee.

(2) **When the Advance Must be Made.** If this demand for Advance is made:

   (a) at or prior to 5:00 p.m. Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the fifth Business Day following such presentation.

   (b) after 5:00 p.m. Eastern time on a Business Day, you must pay the Advance no later than 1:00 p.m. Eastern time on the sixth Business Day following such presentation.

(3) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at _____[specify account].

(4) **Other Matters.**

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

   (b) The Borrower has failed to pay the Issuer’s Fee by [date of annual, quarterly or monthly payment].

   (c) The amount of the Advance demanded (i) does not exceed the Issuer’s Fee Portion of the Amount Available and (ii) was computed in accordance with the terms and conditions of the Financing Agreement dated August 1, 2003 among the Issuer, the Trustee and the Borrower.

   (d) Upon receipt by the Trustee of the Advance (i) the Trustee will apply the same directly for the purpose specified in Paragraph 1 and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 1.
Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ___ day of ______, ___.

__________________________________________,
as Trustee

By:________________________________________
Authorized Officer
Exhibit E

CERTIFICATE OF REDUCTION

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. _____ ("Credit Enhancement Instrument") $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below ("Trustee"), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

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

(2) The aggregate principal amount of Bonds outstanding has been reduced to $_______.

(3) Effective on [insert date]:

(a) the Amount Available shall be reduced by $_______, of which (i) $_______ is a reduction of the Principal Portion, (ii) $_______ is a reduction of the Interest Portion and (iii) $_______ is a reduction of the Issuer’s Fee Portion;

(b) after such reduction, the Amount Available will be $_______, of which (i) $_______ will be the Principal Portion, (ii) $_______ will be the Interest Portion and (iii) $_______ will be the Issuer’s Fee Portion; and

(c) after such reduction, the Amount Available will be not less than the aggregate unpaid principal amount of the Bonds Outstanding (as that term is defined in the Indenture).

By its execution hereof, [Name of Borrower] ("Borrower") certifies to Fannie Mae that the Trustee is authorized to deliver this Certificate to Fannie Mae. The Borrower and the Trustee further certify that the amounts specified in Paragraph 3 have been determined in accordance with the terms and conditions of the Indenture and the Reimbursement Agreement.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.
IN WITNESS WHEREOF, the Trustee and the Borrower have executed and delivered this Certificate as
of the ___ day of __________, ___.

_____________________________________,
as Trustee
By: __________________________________
Authorized Officer

[NAME OF BORROWER]
By: __________________________________
Authorized Officer
Exhibit F

CERTIFICATE OF REINSTATEMENT

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ ("Credit Enhancement Instrument") $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the Trustee named below ("Trustee"), certifies to Fannie Mae, with reference to the Credit Enhancement Instrument, as follows:

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

(2) The Trustee has received notification from the Tender Agent that Bonds pledged to Fannie Mae by the Borrower which were acquired with the proceeds of a Pledged Bonds Advance under the Credit Enhancement Instrument are to be remarketed or sold. The Trustee has received and is transferring to Fannie Mae the amount set forth in Paragraph 3.

(3) Upon receipt by Fannie Mae of this certificate and $___, the Available Amount will be increased as follows:

(a) the Principal Portion of the Amount Available will be increased by $___, but such increase shall not cause the Principal Portion to exceed the original Principal Portion less the sum of (i) all Principal Advances paid by Fannie Mae in accordance with the Credit Enhancement Instrument and (ii) the aggregate of all reductions of the Principal Portion pursuant to any Certificate of the Trustee in the form of Exhibit E; and

(b) the Interest Portion of the Amount Available will be increased by $___, but such increase shall not cause the Interest Portion to exceed the original Interest Portion less the aggregate of (i) all Interest Advances for interest which have not been reinstated in accordance with the Credit Enhancement Instrument, subject to the reinstatement of such amounts as set forth in the Credit Enhancement Instrument, (ii) all reductions of the Interest Portion due to any permanent reduction of the Principal Portion of the Amount Available and (iii) to the extent not addressed in (ii), all reductions of the Interest Portion pursuant to any Certificate of the Trustee in the form of Exhibit E.

(4) Fannie Mae shall promptly release or direct Fannie Mae's custodian in writing to release the Pledged Bonds to the Tender Agent in a principal amount corresponding to the Principal Portion identified in Paragraph 3 or, if such release is not possible, Fannie Mae shall be deemed to consent to the delivery of a written entitlement order to the applicable financial intermediary on whose records ownership of such Pledged Bonds is reflected to credit the ownership entitlement to such Bonds to the account as directed by the Trustee. Such release or deemed consent shall be conclusive evidence of the reinstatement of the Principal Portion and Interest Portion as described in Paragraph 3.
Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the __ day of ____________.

__________________________
as Trustee

By: _______________________
Authorized Officer
Exhibit G

NOTICE OF TERMINATION

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ ("Credit Enhancement Instrument") $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned, a duly authorized officer of the undersigned Trustee ("Trustee"), certifies to Fannie Mae, with respect to the Credit Enhancement Instrument, that the Trustee is authorized to file this notice pursuant to the Indenture. Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit Enhancement Instrument.

The undersigned certifies to Fannie Mae: *

(a) None of the Bonds are Outstanding under the Indenture.

(b) The Trustee has received an Alternate Credit Facility (as such term is defined in the Indenture) as permitted by the Indenture and the Reimbursement Agreement.

* Trustee: Check applicable paragraph

Pursuant to the Indenture we enclose the Credit Enhancement Instrument for cancellation.

Very truly yours,

as Trustee

By:

Authorized Officer

Dated:

By its execution hereof, [Name of Borrower] ("Borrower") hereby certifies to Fannie Mae that all conditions precedent to the cancellation of the Credit Enhancement Instrument and substitution of an Alternate Credit Facility set forth in the Indenture and the Reimbursement Agreement have been satisfied and hereby joins in the Trustee’s instructions to Fannie Mae may cancel the same.

[NAMES OF BORROWER]

By:

Authorized Officer]
Exhibit H

CERTIFICATE FOR SUCCESSOR TRUSTEE

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

Attention: Director, Multifamily Services

Re: Credit Enhancement Instrument relating to Loan No. ___ ("Credit Enhancement Instrument") $15,780,000 Richmond Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (The Summit at Hilltop Apartments), 2003 Series A

The undersigned is a duly authorized officer of the Trustee under the Indenture for the holders of the Bonds.

The Trustee transfers all rights in the Credit Enhancement Instrument to _______, subject to the terms and conditions of the Credit Enhancement Instrument. The Trustee certifies that the transferee is the successor Trustee under the Indenture referred to in the Credit Enhancement Instrument and such successor Trustee has been approved in writing by Fannie Mae. The transferee acknowledges below that it is the successor Trustee. Such successor Trustee has entered into a written agreement to be bound by the Assignment and Intercreditor Agreement dated August 1, 2003 by and among Fannie Mae, the Trustee and the Issuer.

By this transfer, all rights of the undersigned Trustee in the Credit Enhancement Instrument are transferred to the transferee and the transferee shall have the sole rights as the beneficiary, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned.

Dated: ______________________

________________________________
as Trustee

By: ______________________

Authorized Officer
The above signature of an officer or other authorized representative conforms to that on file with us. Said officer or representative is authorized to sign for said party.

By: __________________________
   Authorized Officer

__________________________ acknowledges that it is the successor to ______ as Trustee under the Indenture.

By: __________________________
   Authorized Officer
[This Page Intentionally Left Blank]
APPENDIX F

SUMMARY OF CERTAIN PROVISIONS
OF THE REIMBURSEMENT AGREEMENT

The following statements are a brief summary of certain provisions of the Reimbursement Agreement that have not been described elsewhere in this Official Statement. The summary does not purport to be complete, and reference is made to the Reimbursement Agreement for a full and complete statement of the provisions thereof.

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

The Reimbursement Agreement sets forth various affirmative and negative covenants of the Borrower, some of which are more restrictive with respect to the Borrower than similar covenants in the Financing Agreement.

Events of Default

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

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

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

(c) fraud or material misrepresentation or material omission by the Borrower or any of its officers, directors, trustees, general partners or managers, Key Principal (as defined in the Reimbursement Agreement) or any guarantor: (i) contained in the Reimbursement Agreement, the Certificate of Borrower or any other Borrower Document or any certificate delivered by the Borrower to Fannie Mae or the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or (ii) in connection with (A) the application for or creation of the Loan or the credit enhancement or liquidity support for the Bonds provided by the Credit Facility, (B) any financial statement, rent roll, or other report or information provided to Fannie Mae or the Loan Servicer during the term of the Reimbursement Agreement or the Loan, or (C) any request for Fannie Mae’s consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement; or

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

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

(f) the Borrower fails to pay when due or within any applicable grace period any amount payable by the Borrower under any Hedging Arrangement, or the occurrence of any other default or event of default, however described, by the Borrower under any Hedging Arrangement.

Remedies Upon an Event of Default

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

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

(b) demand cash collateral or Permitted Investments in an amount equal to the maximum liability of Fannie Mae under the Credit Enhancement Instrument, whether or not then due and payable by Fannie Mae; and

(c) exercise any rights and remedies available to Fannie Mae under the Transaction Documents.

Waivers

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

SUMMARY OF CERTAIN PROVISIONS
OF THE NOTE

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

Evidences Loan

The Note evidences the Loan.

Payment Terms

Under the terms of the Note the Borrower promises to pay to the order of the Issuer a principal sum equal to the original principal amount of the Bonds with interest on the unpaid balance from the date of the Note, until paid, at the Note Rate described below. The Note is payable interest only, monthly, until maturity, provided that any remaining indebtedness, if not sooner paid, is due and payable on the Maturity Date for the Bonds. Any principal of the Note not paid on the Maturity Date shall continue to bear interest from the Maturity Date, as set forth in the Note, from and including the Maturity Date, but excluding the date on which such amount is paid in full. The Issuer will endorse the Note to the order of the Trustee and Fannie Mae, as their interests may appear.

Except as otherwise provided in the Financing Agreement, the Borrower shall pay Note Interest (as hereinafter defined), in arrears, beginning with the first Note Interest Payment Date (as hereinafter defined) after the month in which the Bonds are issued and delivered to or upon the order of the Underwriter to fund the Loan (the “Closing Date”). “Note Interest Payment Date” means (a) during any Weekly Variable Rate Period, each Interest Payment Date with respect to the Bonds; (b) during any Reset Period, the 15th of each calendar month following the Adjustment Date, provided that the first Note Interest Payment Date may only occur on a date which is at least 30 days after the Adjustment Date; (c) during the Fixed Rate Period, the 15th of each calendar month following the Adjustment Date, provided that the first Note Interest Payment Date at the Fixed Rate may not be the Adjustment Date; (d) each Adjustment Date; and (e) the Maturity Date.

Note Interest

Except as otherwise provided in the Note, interest (“Note Interest”) shall accrue on the unpaid principal of the Note from, and including, the Closing Date until paid in full at an annual rate as follows:

(a) Weekly Variable Rate. If the interest rate on the Bonds is a Weekly Variable Rate, a variable rate of interest which floats and changes with, and is equal to, the Weekly Variable Rate; or

(b) Reset Rate. If the interest rate on the Bonds is a Reset Rate, the Reset Rate; or

(c) Fixed Rate. If the interest rate on the Bonds is the Fixed Rate, the Fixed Rate adjusted to include additional interest, if any, necessary to ensure that monthly payments of the Note Interest are sufficient to provide for payment of regularly scheduled interest on the Bonds.

Note Interest shall automatically and simultaneously change with each corresponding change in the interest rate on the Bonds under the Indenture. Notwithstanding any other provision of the Note to the
contrary, Note Interest shall not exceed the Maximum Rate (as hereinafter defined), as the Maximum Rate may change in accordance with the Indenture. During the Weekly Variable Rate Period, Note Interest shall be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as applicable. During any other period, Note Interest shall be computed on the basis of a 360 day year comprised of twelve 30 day months.

Voluntary and Mandatory Prepayments

ALTHOUGH THE BORROWER MAY HAVE THE RIGHT TO PREPAY THE LOAN IN ACCORDANCE WITH THE NOTE, THE REIMBURSEMENT AGREEMENT MAY LIMIT THE BORROWER'S EXERCISE OF SUCH RIGHTS WITHOUT THE WRITTEN CONSENT OF THE CREDIT PROVIDER. THE BORROWER MAY BE REQUIRED TO PAY A TERMINATION FEE TO THE CREDIT PROVIDER. PREPAYMENTS ARE SUBJECT TO LOAN SERVICING UNDER THE REIMBURSEMENT AGREEMENT. SEE THE REIMBURSEMENT AGREEMENT FOR ALL DETAILS.

(a) Prepayment Premium. Any prepayment of the principal of the Note will result in a redemption of a corresponding amount of the Bonds. A redemption premium may be payable to Bondholders in connection with such redemption of Bonds. In order to provide funds to pay any redemption premium due on the Bonds, the Borrower shall pay such amount as a prepayment premium under the Note. Such redemption premium shall be paid in addition to any other amounts due under the Note. The Borrower shall pay any such prepayment premium with Available Moneys. The Borrower acknowledges that the Credit Provider is not credit enhancing the payment of any prepayment premium under the Note or redemption premium payable to Bondholders. The Borrower also understands that the prepayment premium described in this paragraph is separate and apart from any Termination Fee payable to the Credit Provider under the Reimbursement Agreement.

(b) Timing of Credit of Payments as Prepayments. No payment to be applied as a prepayment (whether voluntary or mandatory) of principal of the Note shall be credited against the unpaid principal of the Note until the date on which Bonds in a like amount are redeemed or defeased pursuant to the Indenture. Until the Borrower’s payment is credited as a prepayment, the amount of the intended prepayment shall continue to be unpaid principal of the Note and shall continue to bear interest to the date of prepayment.

(c) Voluntary Prepayments. The Borrower may voluntarily prepay the Note only during the periods or on the dates, as applicable, as described in the following clauses:

(i) During Weekly Variable Rate Period. On any Interest Payment Date for the Bonds within a Weekly Variable Rate Period, the Borrower may voluntarily prepay the principal balance of the Note, in whole or in part.

(ii) On Adjustment Date. On any Adjustment Date, the Borrower may voluntarily prepay the principal balance of the Note, in whole or in part.

(iii) During Reset Period or Fixed Rate Periods. On any date within a Reset Period or Fixed Rate Period when the Bonds may be optionally redeemed, the Borrower may voluntarily prepay the principal balance of the Note, in whole or in part.

Any partial voluntary prepayment must be in an amount corresponding to the then applicable Authorized Denomination of the Bonds.
Limits on Personal Liability

Except as otherwise described below or in any of the other Loan Documents, the Borrower shall have no personal liability under the Note, the Security Instrument or any other Loan Document for the repayment of the Note or for the performance of any other obligations of the Borrower under the Loan Documents, and the Issuer’s only recourse for the satisfaction of the Note and the performance of such obligations shall be the Issuer’s exercise of its rights and remedies with respect to the Mortgaged Property and any other collateral held by the Issuer as security for the Note. This limitation on the Borrower’s liability shall not limit or impair the Issuer’s enforcement of its rights against any guarantor of the Note or any guarantor of any other obligations of the Borrower.

The Borrower shall be personally liable to the Issuer for the repayment of a portion of the Note equal to any loss or damage suffered by the Issuer as a result of (a) failure of the Borrower to pay to the Issuer upon demand after an Event of Default under the Security Instrument, all rents to which the Issuer is entitled under the Security Instrument and the amount of all security deposits collected by the Borrower from tenants then in residence; (b) failure of the Borrower to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument; (c) failure of the Borrower to comply with the provisions of the Security Instrument relating to the delivery of books and records, statements, schedules and reports; (d) fraud or written material misrepresentation by the Borrower, Key Principal or any officer, director, partner, member or employee of the Borrower in connection with the application for or creation of the Loan or any request for any action or consent by the Issuer; or (e) failure to apply Rents, first, to the payment of reasonable operating expenses (other than Project management fees that are not currently payable pursuant to the terms of an Assignment of Management Agreement or any other agreement with the Issuer executed in connection with the Loan) and then to amounts (“Debt Service Amounts”) payable under the Note, the Security Instrument or any other Loan Document (except that the Borrower will not be personally liable (i) to the extent that the Borrower lacks the legal right to direct the disbursement of such sums because of a bankruptcy, receivership or similar judicial proceeding, or (ii) with respect to rents that are distributed in any calendar year if the Borrower has paid all operating expenses and Debt Service Amounts for that calendar year).

The Borrower shall become personally liable to the Issuer for the repayment of all of the principal of and interest on the Note and for the payment, performance and observation of all obligations, covenants and agreements of the Borrower contained in the Security Instrument, including the payment of all sums advanced by or on behalf of Issuer to protect the security of the Note under the Security Instrument, upon the occurrence of any of the following Events of Default: (a) the Borrower’s acquisition of any property or operation of any business not permitted by the Security Instrument; or (b) a Transfer (as that term is defined in the Security Instrument) that is an Event of Default under the Security Instrument; or (c) a Bankruptcy Event, as defined in the Note.

To the extent that the Borrower has personal liability as described above, the Issuer may exercise its rights against the Borrower personally without regard to whether the Issuer has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to the Issuer under the Note, the Security Instrument, any other Loan Document or applicable law. If the Borrower is a married person, then the Borrower agrees that the holder of the Note may look to all of Borrower’s community property and separate property to satisfy the Borrower’s recourse obligations under the provisions of the Note described in this paragraph. For purposes of the provisions of the Note described in this paragraph, the term “Mortgaged Property” shall not include any funds that (a) have been applied by the Borrower as required or permitted by the Security Instrument prior to the occurrence of an Event of Default under the Security Instrument, or (b) the Borrower was unable to apply as required or permitted by the Security Instrument because of a bankruptcy, receivership, or similar judicial proceeding.
APPENDIX H

THE BORROWER AND THE PROJECT

The following information has been provided by the Borrower for use herein. Neither the Issuer, the Underwriter, Fannie Mae, the Loan Servicer nor any of their respective counsel, members, commissioners, officers or employees make any representations as to the accuracy or sufficiency of such information.

The Borrower

The Project is owned by BRIDGE Housing Acquisitions, Inc., a California nonprofit public benefit corporation described in Section 501(c)(3) of the Code (the "Borrower"). The Borrower was formed in 1993 as a support organization and wholly-owned subsidiary of BRIDGE Housing Corporation (“BRIDGE Housing Corporation”) to carry out the acquisition and conversion to affordability of existing multifamily housing in and around the San Francisco Bay Area. From the time that it was formed, the only asset of the Borrower has been the Project, however, the organizational documents of the Borrower allow for it to own assets other than the Project.

BRIDGE Housing Corporation, a nonprofit public benefit organization founded in 1983, is one of the premier providers of affordable and mixed income housing in the nation. During its tenure, the company has participated in the development of over 10,000 homes throughout California, valued at over $1.4 billion. Working with state and local governments, BRIDGE Housing Corporation has arranged nearly $150 million in long-term and short-term tax-exempt financing in a dozen developments. BRIDGE Housing Corporation has extensive experience in structuring transactions with federal and state low income housing tax credits, redevelopment agency tax increment financing, municipal loans, federal funds and philanthropic grants. BRIDGE Housing Corporation has no obligation or liability with regard to the Loan Agreement or the Bonds, and none of BRIDGE Housing Corporation’s assets have been pledged to the payment of any obligations in connection therewith.

With certain exceptions set forth in the Note, the obligations and liabilities of the Borrower under the Note and the Security Instrument are nonrecourse to the Borrower and are limited to the Project and moneys derived from the operations of the Project. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, the Borrower’s financial statements are not included in the Official Statement.

The Management Company

The Project is managed by BRIDGE Property Management Company, a California nonprofit public benefit corporation (the "Management Company"), a wholly-owned subsidiary of BRIDGE Housing Corporation. The Management Company will subcontract with Western National Property Management Company in regard to a majority of the management functions. Western National Property Management Company was formed in 1981 and currently manages 23,867 apartment and condominium units in 158 projects. The Management Company was formed in 1988 and currently manages, either directly or through subcontractors, 3,447 apartment units in 38 projects.

The Project

The Project is a 240-unit apartment complex located on 12.59 acres near one of the highest points in Richmond overlooking San Pablo Bay. The Project was built in 1990 by The Paragon Group and is
comprised of 9 two-story wood frame buildings containing one- and two-bedroom garden-style apartments.

Currently, each apartment unit has either a balcony or patio with adjacent locked storage, kitchen and dishwasher, carpeting, mini-blinds and washer/dryer hook-ups. Thirty percent of the apartments contain fireplaces, and eighty percent contain washer/dryer units. The one-bedroom units range in size from 567 to 706 square feet, and the average size of the two-bedroom apartments is 866 square feet. Each unit has a covered assigned parking space, and the Project includes 150 additional unassigned spaces. The Project includes extensive common facilities, including: a swimming pool located in a landscaped area; 2 spas; and a 4,350-square foot clubhouse with a fully-equipped fitness center. The Project is currently 93% occupied. The tenants pay for heat, electricity, telephone, cable television, water, and trash.

The rehabilitation of the Project will include up to $3 million in capital investments including repair and replacement of siding materials, replacement of selected windows, improvements to site drainage, roof repairs, exterior painting and landscaping.

The project will consist of the following unit configurations:

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Units</th>
<th>Square Feet</th>
<th>Projected Market Rents*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A – 1BR; 1BA</td>
<td>60</td>
<td>567 sf</td>
<td>$990 to $1,140</td>
</tr>
<tr>
<td>Type B - 1BR; 1BA</td>
<td>53</td>
<td>675 sf</td>
<td>$1,150 to $1,270</td>
</tr>
<tr>
<td>Type B (HC) – 1BR; 1BA</td>
<td>3</td>
<td>675 sf</td>
<td>$1,150 to $1,270</td>
</tr>
<tr>
<td>Type C – 1BR; 1BA</td>
<td>28</td>
<td>706 sf</td>
<td>$1,280 to $1,300</td>
</tr>
<tr>
<td>Type D – 2BR; 1BA</td>
<td>16</td>
<td>780 sf</td>
<td>$1,310 to $1,340</td>
</tr>
<tr>
<td>Type E – 2BR; 1BA</td>
<td>24</td>
<td>816 sf</td>
<td>$1,350 to $1,390</td>
</tr>
<tr>
<td>Type F – 2BR; 2BA</td>
<td>24</td>
<td>875 sf</td>
<td>$1,400 to $1,440</td>
</tr>
<tr>
<td>Type G – 2BR; 2BA</td>
<td>32</td>
<td>942 sf</td>
<td>$1,450 to $1,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>240</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* See “The Regulatory Agreement” below for description of affordability restrictions.

The Regulatory Agreement

Pursuant to the Regulatory Agreement, the Borrower has agreed that for the Qualified Project Period no less than 20% of the total number of the units in the Project have been and shall at all times be rented to and occupied by households with incomes at or below 80% of the median income for the area and an additional 20% of the total number of the units in the Project have been and shall be rented to and occupied by households with incomes at or below 50% of the median income for the area. Additional leasing restrictions during the Qualified Project Period are set forth in the Regulatory Agreement. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.”