

**NEW ISSUE: BOOK-ENTRY ONLY****RATING: (See "RATING" herein)**

*In the opinion of Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Tax-Exempt Bonds (as defined herein) is excluded from gross income for federal income tax purposes, except that such exclusion shall not apply to interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who is a "substantial user" of the Development or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. However, interest on the Tax-Exempt Bonds is an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Tax-Exempt Bonds. It is also the opinion of Bond Counsel that the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.*

**\$11,340,000  
FLORIDA HOUSING FINANCE CORPORATION  
MULTIFAMILY MORTGAGE REVENUE BONDS  
2004 SERIES G-1  
(THE ARLINGTON APARTMENTS)**

**\$235,000  
FLORIDA HOUSING FINANCE CORPORATION  
TAXABLE MULTIFAMILY MORTGAGE REVENUE BONDS  
2004 SERIES G-2  
(THE ARLINGTON APARTMENTS)**

**Dated:** Date of Delivery**Price:** 100%**Maturity Date:** January 15, 2038

The Florida Housing Finance Corporation ("Florida Housing" or the "Corporation") is issuing \$11,340,000 in aggregate principal amount of its Multifamily Mortgage Revenue Bonds, 2004 Series G-1 (The Arlington Apartments) (the "Tax Exempt Bonds") and \$235,000 in aggregate principal amount of its Taxable Multifamily Mortgage Revenue Bonds, 2004 Series G-2 (The Arlington Apartments) (the "Taxable Bonds") (collectively, the "Bonds"). The Bonds are being issued under and pursuant to a Trust Indenture, dated as of May 1, 2004 (the "Indenture"), by and between Florida Housing and Wells Fargo Bank, National Association, Jacksonville, Florida, as trustee (the "Trustee"). The proceeds of the Bonds will be used to fund a loan (the "Loan") to be made by Florida Housing to The Arlington LP, a Georgia limited partnership doing business in the State of Florida as Arlington Bencor LP, a Florida limited partnership (the "Borrower"), to finance a portion of the costs of acquiring, rehabilitating and equipping The Arlington (the "Development") located in Duval County, Florida (the "County"). The Development is to be occupied by persons and families of low, moderate or middle income, to the extent required by federal tax law and otherwise as determined by Florida Housing. The Loan will be made pursuant to a Financing Agreement, dated as of May 1, 2004 (the "Financing Agreement"), among Florida Housing, the Borrower and the Trustee.

Payment of the principal of and interest on the Bonds will be secured to the extent set forth in the Indenture, by the Loan and by certain other resources and assets constituting the Trust Estate under the Indenture, all as described herein. In addition, credit enhancement and liquidity support for the Bonds will be provided by:



(the "Bank") pursuant to an irrevocable direct pay letter of credit (the "Letter of Credit"). The Letter of Credit will expire on August 1, 2007 (the "Letter of Credit Expiration Date"). The Letter of Credit Expiration Date is subject to extension as described herein. The Letter of Credit is also subject to earlier termination as described herein. See "APPENDIX I - FORM OF THE LETTER OF CREDIT" attached hereto.

If the Final Conditions to Conversion (set forth in the Conversion Agreement, dated as of May 1, 2004 (the "Conversion Agreement"), among Fannie Mae, the Bank and CWCapital LLC (the "Loan Servicer")), and acknowledged, accepted and agreed to by the Borrower, and relating primarily to completion of rehabilitation of the Development and its stabilization at a specified level of occupancy are satisfied (or, to the extent not satisfied, are waived by Fannie Mae, where waiver is permitted) on or before the Termination Date specified in the Conversion Agreement (and referenced herein) such that the Loan Servicer issues a Final Notice of Conversion (as defined in the Indenture) on or before the Termination Date, the Loan will convert ("Conversion") from the Construction Phase to the Permanent Phase (as those terms are defined in the Conversion Agreement) on a date (the "Conversion Date") specified by the Loan Servicer. If Conversion does occur, the Letter of Credit will be replaced on the Conversion Date by a Direct Pay Irrevocable Transferable Credit Enhancement Instrument, issued by Fannie Mae (the "Fannie Mae Credit Facility") pursuant to and subject to the limitations of which Fannie Mae will provide credit enhancement and liquidity support for the Bonds (other than Excluded Bonds), subject to the terms of the Fannie Mae Credit Facility. See "APPENDIX J - PROPOSED FORM OF THE FANNIE MAE CREDIT FACILITY" attached hereto. If any Final Condition to Conversion is not satisfied (and such condition is not waived by Fannie Mae, where waiver is permitted) on or before the Termination Date, Conversion will not occur. There can be no assurance that Conversion will occur.

In addition, if the principal amount of the Loan is prepaid in part by the Borrower prior to and as a condition to Conversion of the Loan from the Construction Phase to the Permanent Phase in order to reduce the principal amount of the Loan to the amount required to satisfy Fannie Mae's underwriting requirements for the Loan, the Bonds will be subject to corresponding mandatory redemption, in part, in an amount equal to such prepayment. If such prepayment in part is required as a Final Condition to Conversion and is not made, Conversion will not occur.

**If Conversion does not occur, Fannie Mae will not have any obligation to deliver the Fannie Mae Credit Facility and will not have any obligations with respect to the Bonds or the Loan.**

THE INDENTURE REQUIRES THAT THE TRUSTEE PROVIDE WRITTEN NOTICE OF CONVERSION TO THE BONDHOLDERS NOT LESS THAN THREE BUSINESS DAYS PRIOR TO THE CONVERSION DATE, BUT CONVERSION DOES NOT REQUIRE THE CONSENT OF THE BONDHOLDERS AND WILL NOT TRIGGER A MANDATORY TENDER OF THE BONDS ON THE CONVERSION DATE. IN LIGHT OF THE FOREGOING, PROSPECTIVE BONDHOLDERS SHOULD ANALYZE THE CREDIT AND LIQUIDITY QUALIFICATIONS OF BOTH THE BANK AND FANNIE MAE IN MAKING ANY INVESTMENT DECISION REGARDING THE BONDS.

The Bonds of each Series will be issued as weekly variable rate demand bonds and will bear interest at the Weekly Variable Rate determined separately for each Series of Bonds. The Weekly Variable Rate will be determined for each Series of Bonds on a weekly basis as described herein. During any Weekly Variable Rate Period, interest on the Bonds will be payable on the fifteenth day of each month, commencing May 15, 2004 for the initial Weekly Variable Rate Period. Subject to satisfaction of certain conditions in the Indenture, the interest rate on all Outstanding Bonds of each Series may be adjusted to one of the other interest rate modes (each a "Mode") permitted by the Indenture (other permitted Modes being the Reset Rate Mode and the Fixed Rate Mode) on any Interest Payment Date. If the Bonds of a Series are proposed to be adjusted to one of the other Modes, the Outstanding Bonds of that Series and of the other Series will be subject to mandatory tender for purchase and to simultaneous adjustment to the designated Mode on the specified Adjustment Date. See "THE BONDS - Tender" herein.

THIS OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY DURING THE INITIAL WEEKLY VARIABLE RATE PERIOD FOR THE BONDS, WHICH IS THE PERIOD BEGINNING ON THE CLOSING DATE AND ENDING ON THE LATER OF THE MATURITY DATE OR THE DATE ON WHICH THE INTEREST RATE ON THE BONDS IS ADJUSTED TO A RESET RATE OR TO THE FIXED RATE. DURING SUCH PERIOD, PAYMENTS DUE ON THE BONDS ARE SECURED BY THE CREDIT FACILITY DESCRIBED HEREIN. THE CREDIT FACILITY ALSO SECURES THE PURCHASE PRICE OF BONDS TENDERED PURSUANT TO THE INDENTURE.

UNLESS OTHERWISE INDICATED, THE TERM "BONDS" AS USED IN THIS OFFICIAL STATEMENT DOES NOT INCLUDE EXCLUDED BONDS, AS SUCH TERM IS DEFINED HEREIN. ADDITIONALLY, THE TERM "BONDHOLDERS" DOES NOT INCLUDE THE HOLDERS OF THE EXCLUDED BONDS. THE HEREIN DESCRIBED CREDIT FACILITY DOES NOT PROVIDE CREDIT ENHANCEMENT OR LIQUIDITY SUPPORT FOR ANY EXCLUDED BONDS.

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 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., by the Trustee, so long as DTC is the registered owner of the Bonds. DTC will remit such payments to the applicable DTC Participants. The disbursements of such payments will be made by DTC Participants to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System" 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 Wells Fargo Bank, National Association, as Tender Agent, at its Designated Office, on any Business Day upon seven days' prior written notice. The Bonds are subject to mandatory tender and purchase on each Adjustment Date, upon replacement of the Credit Facility with an Alternate Credit Facility and under certain other circumstances, as provided in the Indenture. If delivered, the Fannie Mae Credit Facility will not be an Alternate Credit Facility, and the delivery of the Fannie Mae Credit Facility to the Trustee on the Conversion Date, if it occurs, will not constitute the delivery of an Alternate Credit Facility requiring a mandatory tender of Bonds. See "THE BONDS -Tender" herein.

The Bonds are subject to optional and mandatory redemption, including redemption at par, prior to maturity. See "THE BONDS - Redemption Provisions" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF FLORIDA HOUSING, PAYABLE SOLELY OUT OF THE REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS ARE NOT A DEBT, EITHER GENERAL OR SPECIAL, OF THE STATE, ANY LOCAL GOVERNMENT OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE STATE, ANY LOCAL GOVERNMENT NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WILL BE LIABLE FOR THE PAYMENT OF THE BONDS. NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE, ANY LOCAL GOVERNMENT OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS. THE BONDS ARE PAYABLE, AS TO PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, SOLELY OUT OF THE TRUST ESTATE WHICH IS THE SOLE ASSET OF FLORIDA HOUSING PLEDGED THEREFOR, AND THEN ONLY TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF FLORIDA HOUSING NOR ANY PERSONS EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. FLORIDA HOUSING HAS NO TAXING POWER.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE BONDS WILL ARISE ON THE CONVERSION DATE AND, THEREFORE, ONLY IF CONVERSION OCCURS. THE OBLIGATIONS OF FANNIE MAE ARISING ON THE CONVERSION DATE WILL BE SOLELY AS PROVIDED IN THE FANNIE MAE CREDIT FACILITY. THE OBLIGATIONS OF FANNIE MAE UNDER THE FANNIE MAE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER-OWNED CORPORATION. FANNIE MAE'S OBLIGATIONS ARE NOT 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 OF THE UNITED STATES OF AMERICA, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA, ANY AGENCY OF THE UNITED STATES OF AMERICA OR FANNIE MAE.

This cover page contains certain information for quick reference only. It is not a summary of this issue. 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 prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Greenberg Traurig, P.A., Miami, Florida and Edwards & Castarphen, Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for Florida Housing by its Disclosure Counsel, Allen, Lang, Carpenter & Peed, P.A., Orlando, Florida, and by its Special Counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, for Fannie Mae by its special counsel, Arent Fox PLLC, Washington, D.C., for the Borrower by Broad and Cassel, Orlando, Florida, and for the Underwriter and the Remarketing Agent by GrayRobinson, P.A., Tampa, Florida. Certain matters will be passed upon for Florida Housing by CSG Advisors, Inc., Alpharetta, Georgia, as its Senior Financial Advisor. It is expected that the Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about May 7, 2004.



Dated: May 6, 2004

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by Florida Housing, the Borrower, the Bank, 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 Florida Housing, the Borrower, the Bank, Fannie Mae (to the limited extent provided below), DTC and other sources which 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, Florida Housing, the Borrower, the Bank or Fannie Mae, except (i) as to Florida Housing, with respect to the information under the captions "FLORIDA HOUSING," "DISCLOSURE REQUIRED BY SECTION 517.051, FLORIDA STATUTES" and "NO LITIGATION - Florida Housing" herein, (ii) as to the Borrower, with respect to the descriptions under the captions "INTRODUCTION" (to the extent it describes the Borrower and the Development), "ESTIMATED SOURCES AND USES OF FUNDS," "THE BORROWER, THE MANAGER AND THE DEVELOPMENT," "BONDHOLDERS' RISKS" (to the extent it relates to the Borrower and the Development), "NO LITIGATION - The Borrower" and "CONTINUING DISCLOSURE" herein, (iii) as to the Bank, with respect to the description under the caption "THE BANK" herein, and (iv) as to Fannie Mae, solely with respect to the description under the caption "FANNIE MAE" herein. In particular:

Florida Housing has not provided or approved any information in this Official Statement, except as provided above, and takes no 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 description 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 Development, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the Bonds is limited to issuing the Fannie Mae Commitment described herein and providing the Fannie Mae Credit Facility described herein to the Trustee, but only if Conversion occurs.

The Bank has not provided or approved any information in this Official Statement except with respect to the description under the caption "THE BANK," and takes no responsibility for any other information contained in this Official Statement, and makes no representation as to the contents of this Official Statement (other than with respect to the description under the caption "THE BANK"). Without limiting the foregoing, the Bank makes no representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Development, or compliance with any securities, tax or other laws or regulations. The Bank's role with respect to the Bonds is limited to providing the Letter of Credit described herein to the Trustee.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the information referenced herein since the date hereof.

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. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN FLORIDA HOUSING OR THE UNDERWRITER AND ANY ONE OR MORE OWNERS OF THE BONDS.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY FLORIDA HOUSING FOR THE PURPOSE OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED UNDER RULE 15C2-12(B)(1).

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## **OFFICIAL STATEMENT**

**relating to**

<b>\$11,340,000</b>	<b>\$235,000</b>
<b>FLORIDA HOUSING FINANCE</b>	<b>FLORIDA HOUSING FINANCE</b>
<b>CORPORATION</b>	<b>CORPORATION</b>
<b>MULTIFAMILY MORTGAGE REVENUE</b>	<b>TAXABLE MULTIFAMILY MORTGAGE</b>
<b>BONDS</b>	<b>REVENUE BONDS</b>
<b>2004 SERIES G-1</b>	<b>2004 SERIES G-2</b>
<b>(THE ARLINGTON APARTMENTS)</b>	<b>(THE ARLINGTON APARTMENTS)</b>

## **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 materials 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. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture, the Financing Agreement, the Regulatory Agreement, the Bank Reimbursement Agreement, the Fannie Mae Reimbursement Agreement and the Letter of Credit (as each such term is hereinafter defined), as applicable.

UNLESS OTHERWISE INDICATED, THE TERM "BONDS" AS USED IN THIS OFFICIAL STATEMENT DOES NOT INCLUDE EXCLUDED BONDS, AS SUCH TERM IS DEFINED HEREIN. ADDITIONALLY, THE TERM "BONDHOLDERS" DOES NOT INCLUDE THE HOLDERS OF EXCLUDED BONDS. THE HEREIN DESCRIBED CREDIT FACILITY DOES NOT PROVIDE CREDIT ENHANCEMENT OR LIQUIDITY SUPPORT FOR ANY EXCLUDED BONDS.

### **Issuance of Bonds**

This Official Statement and the Appendices hereto set forth certain information relating to the issuance by the Florida Housing Finance Corporation ("Florida Housing") of its \$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2004 Series G-1 (The Arlington Apartments) (the "Tax Exempt Bonds") and its \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds, 2004 Series G-2 (The Arlington Apartments) (the "Taxable Bonds") (collectively, the "Bonds"). Certain capitalized terms used in this Official Statement are defined in "APPENDIX A -- SUMMARY OF CERTAIN DEFINITIONS" attached hereto.

The Bonds are being issued pursuant to Sections 420.501-420.517, Florida Statutes, as amended, known as the Florida Housing Finance Corporation Act (the "Act") and under and pursuant to a Trust Indenture, dated as of May 1, 2004 (the "Indenture"), between Florida Housing and Wells Fargo Bank, National Associates, as trustee (the "Trustee").

The Bonds are being issued by Florida Housing to provide funding for a loan (the "Loan") to be made by Florida Housing to The Arlington LP, a Georgia limited partnership doing business in the State of Florida as Arlington Bencor LP (the "Borrower"), for the purpose of financing a portion of the costs of acquiring, rehabilitating and equipping a 288 unit multifamily rental housing project to be known as The Arlington (the "Development") located in Duval County, Florida (the "County"). The Development is to be occupied by persons and families of low, moderate or middle income, to the extent required by federal tax law and otherwise as determined by Florida Housing and in accordance with the requirements for eligibility for low income housing tax credits under Section 42 of the Code (the "LIHTC Program"). See "THE BORROWER, THE MANAGER AND THE DEVELOPMENT" herein. The Loan will be made pursuant to a Financing Agreement, dated as of May 1, 2004 (the "Financing Agreement"), among Florida Housing, the Trustee and the Borrower. Pursuant to the Indenture, Florida Housing will assign the Financing Agreement (including all of the rights of Florida Housing thereunder except for Florida Housing's Reserved Rights), together with other property comprising the Trust Estate, to the Trustee for the benefit of the registered owners of the Bonds and Bank of America, N.A., (collectively, with its successors and assigns, the "Bank") and its successors and assigns.

### **Origination of the Loan**

Florida Housing will originate the Loan on the Closing Date. The Loan will be evidenced by a Multifamily Note (the "Note"), dated as of May 1, 2004, executed by the Borrower in favor of Florida Housing. The Note is a nonrecourse obligation of the Borrower subject to certain limited exceptions. The Note will be secured by a first lien priority Multifamily Mortgage, Assignment of Rents and Security Agreement, dated as of May 1, 2004, from the Borrower to Florida Housing encumbering the Borrower's fee simple interest in the land on which the Development will be constructed (the "Security Instrument"). The Loan, including the Note and the Security Instrument will be assigned, pursuant to the Indenture, to the Trustee as part of the Trust Estate securing the Bonds. In addition, on the Closing Date, Florida Housing, the Trustee and the Bank will enter into an Assignment of Mortgage and of Rights and Interests and Intercreditor Agreement (the "Assignment"), dated as of May 1, 2004, to be acknowledged, accepted and agreed to by the Borrower. Pursuant to the Assignment, Florida Housing will assign, among other things, the Loan, the Note and the Security Instrument, without recourse, to the Trustee and the Bank, as their interests may appear. Under the terms of the Assignment, the Bank will have the exclusive right to make all decisions and to exercise all rights and remedies (other than Florida Housing's Reserved Rights) (the "Assigned Rights"). The Bank will also have the right at any time, upon filing with the Trustee a certification reaffirming the Bank'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 the Bank. At Conversion (as defined below), if it occurs, the Bank will assign all of such rights to Fannie Mae.

### **Credit Enhancement and Liquidity Support**

The Bank has agreed, pursuant to and in accordance with the terms and subject to the conditions of the Reimbursement and Security Agreement, dated as of May 1, 2004 (the "Bank Reimbursement Agreement"), between the Bank and the Borrower, to facilitate the financing of

the Development by providing credit enhancement and liquidity support for the Bonds pursuant to, and subject to the limitations of, an Irrevocable Direct Pay Letter of Credit (the "Letter of Credit"). See "APPENDIX I-- FORM OF THE LETTER OF CREDIT" attached hereto. The Letter of Credit is in the aggregate maximum available amount of \$11,705,849 (the "Stated Amount") of which (i) \$11,575,000 will be available to the Trustee to pay the principal of the Bonds at maturity or upon redemption or acceleration or to pay the portion of the purchase price of Tendered Bonds representing the principal amount of the Tendered Bonds, and (ii) \$130,849 (representing thirty four (34) days of interest on the maximum aggregate principal amount of Outstanding Bonds that may be issued under the Indenture calculated at the rate of twelve percent (12%) per annum and computed on the basis of a 365/366 day year) will be available to pay interest on the Bonds or to pay the portion of the purchase price of Tendered Bonds representing accrued interest on the Tendered Bonds. The Stated Amount is subject to reduction and reinstatement in accordance with the terms of the Letter of Credit. The Letter of Credit expires on August 1, 2007 (the "Letter of Credit Expiration Date"), which date is subject to extension and to earlier termination in certain events.

Fannie Mae has agreed, pursuant to the terms of the Fannie Mae Commitment to the Loan Servicer, dated April 30, 2004 (the "Fannie Mae Commitment"), but only upon (i) satisfaction of the conditions contained in the Fannie Mae Commitment and (ii) satisfaction of the Final Conditions to Conversion contained in the Conversion Agreement (the "Conversion Agreement"), dated as of May 1, 2004, among Fannie Mae, the Loan Servicer and the Bank and acknowledged accepted and agreed to by the Borrower, on or before the Termination Date (as defined in the Conversion Agreement and as specified below), to facilitate the financing of the Development in the Permanent Phase (as defined in the Conversion Agreement) by providing credit enhancement and liquidity support for the Bonds (other than Excluded Bonds) effective on the Conversion Date, if it occurs, pursuant to, and subject to the limitations of, a Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the "Fannie Mae Credit Facility"). See "APPENDIX J -- PROPOSED FORM OF THE FANNIE MAE CREDIT FACILITY" attached hereto. For purposes of the Fannie Mae Commitment and the Conversion Agreement, the Permanent Phase begins on the Conversion Date. Accordingly, if Conversion of the Loan from the Construction Phase to the Permanent Phase ("Conversion") occurs, the Fannie Mae Credit Facility will be effective, and will replace the Letter of Credit, on the Conversion Date.

In order to provide for the orderly substitution of the Fannie Mae Credit Facility for the Letter of Credit as the credit enhancement and liquidity facility for the Bonds (other than Excluded Bonds) in the Permanent Phase if Conversion occurs, Florida Housing, the Trustee and the Bank have agreed, the provisions of the Indenture contemplate, and the Bondholders by their acceptance of the Bonds under the terms of the Indenture will be deemed to have agreed, that if the Loan Servicer, pursuant to the Conversion Agreement, issues a Final Notice of Conversion on or before the Termination Date establishing that the Final Conditions to Conversion have been satisfied (or, to the extent not satisfied have been waived by Fannie Mae, where waiver is permitted), the Fannie Mae Credit Facility will, on the Conversion Date, replace the Letter of Credit as the credit enhancement and liquidity facility for the Bonds (other than Excluded Bonds).

In order to ensure continuous credit enhancement and liquidity support for the Bonds, the Conversion Date, if it occurs, must, under the terms of the Conversion Agreement, occur on or before the Letter of Credit Expiration Date as it may be extended. The Letter of Credit Expiration Date is later than the Termination Date (the date by which the Final Conditions to Conversion must be satisfied in order for Conversion to occur). The Termination Date may be extended (as described below), provided that any such extension may necessitate an extension of the Letter of Credit Expiration Date. If the Letter of Credit were to expire before the Termination Date, the Bonds would be subject to mandatory tender and purchase as described herein. See "THE BONDS -- Tender-Mandatory Tender" herein.

### **Conversion**

If the Final Conditions to Conversion set forth in the Conversion Agreement are satisfied on or before the Termination Date (or, to the extent not satisfied, are waived by Fannie Mae, where waiver is permitted), the Loan Servicer is, on or before the Termination Date, to issue a Final Notice of Conversion. If the Loan Servicer issues the Final Notice of Conversion on or before the Termination Date, the Loan will convert from the Construction Phase to the Permanent Phase on a date (the "Conversion Date") specified by the Loan Servicer. On the Conversion Date, the Fannie Mae Credit Facility will replace the Letter of Credit as the credit enhancement and liquidity facility for the Bonds. In connection with such replacement, the Bank will, on the Conversion Date, assign to Fannie Mae all of the Assigned Rights assigned by Florida Housing to the Bank pursuant to the Assignment. If, however, the Final Conditions to Conversion are not satisfied on or before the Termination Date (or, to the extent not satisfied, are not waived by Fannie Mae, where waiver is permitted) with the result that the Loan Servicer fails to issue a Final Notice of Conversion on or before the Termination Date, Conversion will not occur.

The Termination Date is May 15, 2007, but is subject to one six month extension which may be granted by Fannie Mae in its discretion.

**IF CONVERSION DOES NOT OCCUR, FANNIE MAE WILL NOT HAVE ANY OBLIGATION TO PROVIDE THE FANNIE MAE CREDIT FACILITY FOR THE BONDS, AND WILL NOT OTHERWISE HAVE ANY OBLIGATION WITH RESPECT TO THE BONDS OR THE LOAN. IF CONVERSION DOES NOT OCCUR, THE BANK'S LETTER OF CREDIT OR AN ALTERNATE CREDIT FACILITY, AS PROVIDED IN THE INDENTURE, WILL CONTINUE TO PROVIDE CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT FOR THE BONDS.**

The Final Conditions to Conversion include, for example, completion of construction of the Development and the achievement of a specified level of occupancy from the leasing of units in the Development. No assurance can be given that all of the Final Conditions to Conversion will be satisfied or that other events or circumstances may or may not occur as a result of which Conversion will not occur.

In addition, even if Conversion occurs, no assurance can be given that the principal amount of the Loan, as finally determined in accordance with the Conversion Agreement, will

not be less than the original principal amount of the Loan; if the principal amount of the Loan, as finally determined in accordance with the Conversion Agreement, is less than the original principal amount of the Loan, the principal amount of the Loan must, as a Final Condition to Conversion, be reduced to the "Permanent Phase Loan Amount", i.e., the amount determined by the Loan Servicer in accordance with the Conversion Agreement and approved by Fannie Mae (the "Permanent Phase Loan Amount," being the principal amount of the Bonds that Fannie Mae will credit enhance at Conversion), by the Borrower's prepayment of the Loan in part (a "Pre-Conversion Loan Equalization Payment") in an amount equal to the difference (the "Loan Difference") between the then outstanding principal balance of the Loan and the Permanent Phase Loan Amount determined in accordance with the Conversion Agreement. Upon such prepayment, a corresponding portion of the Bonds will be subject to mandatory redemption. Any such mandatory redemption will be at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. No such redemption will be made at a premium. If such prepayment in part is required as a Final Condition to Conversion and is not made, Conversion will not occur. If Conversion does not occur, Fannie Mae will not have any obligation to deliver the Credit Facility and will not have any obligation with respect to the Bonds or the Loan.

THE INDENTURE REQUIRES THAT THE TRUSTEE PROVIDE WRITTEN NOTICE OF CONVERSION TO THE BONDHOLDERS NOT LESS THAN THREE BUSINESS DAYS PRIOR TO THE CONVERSION DATE, BUT CONVERSION DOES NOT REQUIRE THE CONSENT OF THE BONDHOLDERS AND WILL NOT TRIGGER A MANDATORY TENDER OF THE BONDS ON THE CONVERSION DATE. IN LIGHT OF THE FOREGOING, PROSPECTIVE BONDHOLDERS SHOULD ANALYZE THE CREDIT AND LIQUIDITY QUALIFICATIONS OF BOTH THE BANK AND FANNIE MAE IN MAKING ANY INVESTMENT DECISION REGARDING THE BONDS.

In order to assure compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended, the Borrower, the Trustee and Florida Housing will enter into the Land Use Restriction Agreement, dated May 7, 2004 (the "Regulatory Agreement"), which requires that at least 40% of the residential rental units in the Development be occupied by Low Income Tenants. Furthermore, the Borrower has agreed to increase the number of set-aside units to require that 85% of the residential rental units in the Development be occupied by Low Income Tenants. See "APPENDIX D -- SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" attached hereto. The Development will be subject to additional affordable housing restrictions as a result of the Borrower's participation in the Low Income Housing Tax Credit ("LIHTC") Program. See "ADDITIONAL RESTRICTIVE COVENANTS -- Extended Low-Income Housing Agreement" herein.

THIS OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY DURING THE INITIAL WEEKLY VARIABLE RATE PERIOD FOR THE BONDS, WHICH IS THE PERIOD BEGINNING ON THE CLOSING DATE AND ENDING ON THE LATER OF THE MATURITY DATE OR THE DATE ON WHICH THE INTEREST RATE ON THE BONDS IS ADJUSTED TO A RESET RATE OR TO THE FIXED RATE. DURING SUCH PERIOD, PAYMENTS DUE ON THE BONDS ARE SECURED BY THE CREDIT FACILITY

DESCRIBED HEREIN. THE CREDIT FACILITY ALSO SECURES THE PURCHASE PRICE OF BONDS TENDERED PURSUANT TO THE INDENTURE.

THE BONDS ARE LIMITED OBLIGATIONS OF FLORIDA HOUSING, PAYABLE SOLELY OUT OF THE REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS ARE NOT A DEBT, EITHER GENERAL OR SPECIAL, OF THE STATE, OF ANY LOCAL GOVERNMENT OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE; AND NEITHER THE STATE, ANY LOCAL GOVERNMENT NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WILL BE LIABLE FOR THE PAYMENT OF THE BONDS. NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE, ANY LOCAL GOVERNMENT OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS. THE BONDS ARE PAYABLE, AS TO PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, SOLELY OUT OF THE TRUST ESTATE WHICH IS THE SOLE ASSET OF FLORIDA HOUSING PLEDGED THEREFOR, AND THEN ONLY TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF FLORIDA HOUSING NOR ANY PERSONS EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. FLORIDA HOUSING HAS NO TAXING POWER.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE BONDS WILL ARISE ON THE CONVERSION DATE AND, THEREFORE, ONLY IF CONVERSION OCCURS. THE OBLIGATIONS OF FANNIE MAE ARISING ON THE CONVERSION DATE WILL BE SOLELY AS PROVIDED IN THE FANNIE MAE CREDIT FACILITY. THE OBLIGATIONS OF FANNIE MAE UNDER THE FANNIE MAE CREDIT FACILITY WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER-OWNED CORPORATION. FANNIE MAE'S OBLIGATIONS ARE NOT 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 OF THE UNITED STATES OF AMERICA, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA, ANY AGENCY OF THE UNITED STATES OF AMERICA OR FANNIE MAE.

Summaries of the Indenture, the Financing Agreement, the Regulatory Agreement, the Bank Reimbursement Agreement, the Fannie Mae Reimbursement Agreement, the form of the Letter of Credit and the proposed form of the Fannie Mae Credit Facility are attached as Appendices to this Official Statement. All references herein to the Indenture, the Financing Agreement, the Regulatory Agreement, the Letter of Credit, the Fannie Mae Credit Facility, the Bank Reimbursement Agreement and the Fannie Mae Reimbursement Agreement and all other documents and agreements 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.

## **FLORIDA HOUSING**

### **Purpose**

Florida Housing is a public body corporate and politic within the Department of Community Affairs of the State of Florida (the "State"), organized and existing under and pursuant to the Constitution and laws of the State, established in 1997 as the successor to the Florida Housing Finance Agency (the "Agency"), a state agency and instrumentality of the Florida Department of Community Affairs pursuant to the Act. The Act reconstituted the Agency as the "Florida Housing Finance Corporation." The legislature declared its intent that Florida Housing constitute "an entrepreneurial public corporation organized to provide and promote the public welfare by administering the governmental function of financing or refinancing housing and related facilities in Florida." Effective January 1, 1998, pursuant to the Act, all assets and liabilities, including any outstanding contractual obligations of the Agency, were transferred to Florida Housing as legal successor in all respects to the Agency. All references to "Florida Housing" shall refer to the Florida Housing Finance Agency or the Florida Housing Finance Corporation as the context requires. Florida Housing is authorized to borrow money through the issuance of notes and bonds to fulfill its public purpose as set forth in the Act, including the provision of financing for affordable multifamily and single family housing throughout the State for persons or families of low, middle or moderate income as well as for certain targeted populations.

### **Structure**

In accordance with the Act, the powers of Florida Housing are vested in nine members, one of whom is an ex-officio voting member and eight of whom are appointed by the Governor of the State of Florida and are subject to confirmation by the State Senate. The Chairman and Vice Chairman are elected annually by Florida Housing from among its members. Florida Housing is authorized to employ an Executive Director, technical experts and other officers, agents and employees, permanent and temporary. Florida Housing's Chairman, Vice Chairman and Members are set forth below:

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<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
Cesar E. Calvet	Chair	November 13, 2004	Mortgage Banker, SunTrust Bank
Terry N. Santini	Vice Chair	November 13, 2006	Certified Public Accountant
Sandra Terry	Member	November 13, 2004	Laurel Civic Association
Dewitt Jackson (Jack) Maxwell	Member	November 13, 2006	Vice-President Fisk Electric Company
William George Evans*	Member	November 13, 2006	Vice President, Capital Partners LLC
Robert Jay Taylor	Member	November 13, 2006	President, Taylor & Fulton, Inc., Agriculture
Zully Ruiz	Member	November 13, 2004	President, Zully Ruiz Enterprises, Inc.
Lynn Stultz	Member	November 13, 2004	Financial Consultant – Stultz Financial Group, Inc.
Thaddeus Cohen	Ex-Officio Member	-----	Secretary, Florida Department of Community Affairs

\* Submitted resignation dated April 7, 2004 the Governor has not named a successor.

Orlando Cabrera became Executive Director of Florida Housing on February 24, 2003. Governor Jeb Bush appointed Mr. Cabrera as a citizen representative on Florida Housing's Board of Directors in December 2000 and he was most recently its Chairman prior to being named Executive Director. Before joining Florida Housing, Mr. Cabrera was a partner with Holland & Knight, LLP where he practiced in that law firm's Miami office. Mr. Cabrera practiced law in South Florida, mostly as a real estate, land use and corporate transactional lawyer.

Mr. Cabrera was Chairman of the City of Miami's Community Development and Housing Committee. He also served as general counsel and as a director on the Board of Directors of the Latin Builders Association in Miami-Dade County and as a director of the National Council of State Housing Boards. He is also currently serving on the North Florida Fannie Mae Partnership Advisory Board.

Mr. Cabrera is a member of The Florida Bar, the Illinois State Bar Association, the State Bar of Wisconsin, the American Bar Association, the Cuban American Bar Association, the Interamerican Bar Association and the Dade County Bar Association. Mr. Cabrera is also admitted to practice in Illinois and Wisconsin. He earned his Bachelor of Arts degree in 1984 from the University of Michigan and his law degree in 1989 from the University of Wisconsin Law School.

Barbara E. Goltz began working as Florida Housing's Chief Financial Officer on September 18, 2000. Prior to accepting her position at Florida Housing, Ms. Goltz was involved in the senior management of the Florida Lottery from 1987 until 2000. Her management roles at the Florida Lottery included: Director of Games Accounting from 1987 to 1989; Director of Financial Management from 1989 to 1993, Assistant Secretary of Finance and Administration from 1993 to 1998; Assistant Secretary of Finance and Budget from 1998 to 1999; and the Assistant Secretary of Finance beginning in 1999. In her most recent role as Assistant Secretary of Finance, Ms. Goltz was responsible for advising the Secretary of the Lottery on financial matters. She has also previously held management positions with the Department of Education and public accounting positions. Ms. Goltz has been a Certified Public Accountant since 1973. She received a Bachelor of Science degree in Accounting from Florida State University in 1968.

T.D. Wayne Conner became the Deputy Development Officer for the Multifamily Mortgage Revenue Bond Program in January, 2001. Mr. Conner began working for Florida Housing in October, 1997 and served as its Financial Administrator for Multifamily Bonds until his appointment as Deputy Development Officer. Prior to joining Florida Housing, Mr. Conner held various positions in the mortgage banking and auditing industries. As Senior Vice-President with a mortgage banking company, he was responsible for warehousing, shipping and delivery of mortgage loans. Additionally, he was responsible for accounting and treasury functions within the mortgage banking industry. Mr. Conner holds a Bachelor of Science degree in Accounting from Florida State University, is a Certified Public Accountant, and is a designated Certified Treasury Professional.

The office of Florida Housing is located at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, telephone (850) 488-4197.

Florida Housing currently has approximately 130 employees. These employees administer numerous housing programs. Florida Housing has developed and implemented a number of single and multifamily mortgage revenue programs in the past.

Florida Housing neither has nor will assume responsibility for the accuracy or completeness of any information herein which has been furnished by others.

## THE BONDS

### General

The Bonds are dated and will mature on, respectively, the dated date and maturity date set forth on the cover hereof. Pursuant to the Indenture, interest on the Bonds will be payable on

each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, in accordance with the terms set forth in the Indenture. The initial rate of interest for each Series of Bonds will be determined in connection with the initial offering of the Bonds and will be effective through Tuesday, May 11, 2004. The Indenture states that thereafter, the interest rate on the Bonds of each Series will be determined separately by RBC Dain Rauscher, Inc. or its successor as Remarketing Agent (the "Remarketing Agent"), not later than 4:00 p.m. Eastern Time on each Rate Determination Date. The Indenture states that the Weekly Variable Rate for a Series of Bonds shall be the minimum rate of interest necessary, in the professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Bonds of such Series (other than Excluded Bonds) on the applicable Rate Determination Date at par, plus accrued interest on the Bonds for that Week, and that the Weekly Variable Rates so determined for such Series will be effective for the Week for which such rate was determined. The Indenture states that the Remarketing Agent will provide notice of the Weekly Variable Rate applicable to each Series of Bonds before 5:00 p.m. Eastern Time, on the Rate Determination Date by telephone to any Beneficial Owner upon request and to the Trustee, the Loan Servicer (from and after the Conversion Date) and the Bank (while the Letter of Credit is in effect) or any Alternate Credit Provider (at such time as an Alternate Credit Facility is in effect), and not later than the next Business Day, to the other Remarketing Notice Parties by Electronic Means. The Indenture states that the Weekly Variable Rates so determined by the Remarketing Agent are conclusive and binding on the Bondholders. Interest on the Bonds of each Series 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.

The Indenture states that if, during the Weekly Variable Rate Period, the Remarketing Agent fails or refuses to determine the Weekly Variable Rate applicable for any Week, the interest rate to be borne by (i) the Tax Exempt Bonds during such Week will be the latest BMA Index Rate published on or immediately before the Rate Determination Date, or, in the event the BMA Index Rate is no longer published, the last Weekly Variable Rate determined by the Remarketing Agent for the Tax Exempt Bonds, and (ii) the Taxable Bonds during such Week shall be LIBOR or in the event LIBOR is no longer published, the last Weekly Variable Rate determined by the Remarketing Agent for the Taxable Bonds. See "APPENDIX B -- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

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 of each Series may be adjusted on any Interest Payment Date designated by the Borrower from the Weekly Variable Rate for each Series to a Reset Rate for a Reset Period of ten 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. Any Reset Period must end on the day immediately preceding an Interest Payment Date. Each such adjustment is subject to the satisfaction of the conditions precedent set forth in the Indenture, including, but not limited to (i) written notice of the proposed adjustment, not less than 45 days before the proposed Reset Date, from the Borrower to the other Remarketing Notice Parties, which notice must designate the proposed Adjustment

Date and be accompanied by the written preliminary consent of the Credit Provider to the Trustee and the Loan Servicer, and (ii) written notice (as described below), not less than 30 days before the proposed Reset Date, from the Trustee to the Bondholders by first class mail, postage prepaid, as provided in the Indenture. The Indenture also requires that on or prior to the proposed Adjustment Date there be delivered (i) an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Bonds to a Reset Rate is authorized and permitted by the Indenture and the laws of the State (including the Act), and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds and (ii) the written consent of the Credit Provider.

At the option of the Borrower, the interest rate on all Outstanding Bonds of each Series may be adjusted to the Fixed Rate from the Weekly Variable Rate on any Interest Payment Date designated by the Borrower. Each adjustment is subject to satisfaction of conditions precedent as set forth in the Indenture, including, but not limited to (i) written notice of the proposed adjustment, not less than 45 days before the proposed Adjustment Date, from the Borrower to the other Remarketing Notice Parties, which notice must designate the proposed Adjustment Date and be accompanied by the written preliminary consent of the Credit Provider to the Trustee and the Loan Servicer, and (ii) written notice (as described below), not less than 30 days before the proposed Fixed Rate Adjustment Date, from the Trustee to the Bondholders by first class mail, postage prepaid, as provided in the Indenture. The Indenture also requires that on or prior to the proposed Fixed Rate Adjustment Date there be delivered (i) an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Bonds to the Fixed Rate is authorized and permitted by the Indenture and the laws of the State (including the Act), and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds and (ii) the written consent of the Credit Provider.

The Outstanding Bonds of each Series (other than Excluded Bonds) are subject to mandatory tender and purchase on each Adjustment Date, as set forth in, and in accordance with, the Indenture; the Bondholders will not have the right to retain their Bonds. See "THE BONDS -- Tender -- Mandatory Tender Dates (Other Than Upon Default); Notice" below. The Trustee's thirty (30) day notice to the Bondholders is to state the proposed Adjustment Date and that all Outstanding Bonds of each Series (other than Excluded Bonds) are subject to mandatory tender and purchase on the proposed Adjustment Date and that no holder of any Bond will have the right to retain such Bond.

### Tender

Optional Tender. The Indenture states that subject to the provisions of the Indenture, during the Weekly Variable Rate Period, the Trustee shall purchase any Bond (or portion of a Bond, provided that the retained portion is an Authorized Denomination) 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 (or portion thereof) tendered for purchase shall be equal to one hundred percent (100%) of the principal amount of such Bond (or portion thereof) plus accrued interest, if any, to the date of purchase. The Indenture states that the Beneficial Owner may demand purchase of its Bond (or portion thereof) by delivery of a Bondholder Tender Notice, accompanied by a guaranty of signature acceptable

to the Tender Agent and delivered to and received by the Tender Agent at its Designated Office by 3:30 p.m. Eastern Time on a Business Day not later than the seventh day preceding the Business Day designated in such Bondholder Tender Notice as the date of purchase. Any such notice received after 3:30 p.m. shall be treated as received at 9:00 a.m. on the next Business Day. The Bondholder Tender Notice shall state: (a) the CUSIP number of the Bond and principal amount to be purchased (or portion of a Bond, provided that the tendered portion and the retained portion is an Authorized Denomination); (b) the name, address and tax identification number or social security number of the Beneficial Owner of the Bond demanding such payment; and (c) the date on which such Bond is to be purchased pursuant to the Indenture, which date shall be a Business Day.

Irrevocability of Optional Tender. The Indenture states that by delivering a Bondholder Tender Notice, subject to provisions related to the Book-Entry System, the Beneficial Owner irrevocably agrees 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. The Indenture states that any election by a Beneficial Owner to tender a Bond or Bonds (or a 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 Optional Tender Requirements. Bonds will be purchased as described above and as provided in the Indenture only if the Bonds so delivered to the Tender Agent conform in all respects to the description of such Bonds in the Bondholder Tender Notice. The Indenture states that the Tender Agent will determine in its sole discretion whether a Bondholder Tender Notice complies with the requirements of the Indenture and whether Bonds delivered conform in all respects to the description of the Bonds in the Bondholder Tender Notice. The Indenture states that such determination will be binding on the other Remarketing Notice Parties and the Beneficial Owner of the Bonds.

Untendered Bonds Optional Tender. If after delivery to the Tender Agent of a Bondholder Tender Notice 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 Bonds or portion thereof ("Untendered Bond") described in such Bondholder Tender Notice under the Indenture will be deemed to have been tendered to the Tender Agent for purchase and, 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, such Untendered Bond will, from and after such purchase date, cease to bear interest and no longer be considered to be Outstanding. The Indenture states that the Trustee shall promptly give notice by registered or certified first class mail, postage prepaid, to each Beneficial Owner of any Untendered Bond which has been deemed to have been purchased pursuant to the Indenture, stating 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 Indenture states that Florida Housing will sign and the Tender Agent shall authenticate and deliver for redelivery to

the purchaser a new Bond or Bonds in replacement of the Untendered Bond not so delivered. The Indenture states that the replacement of any such Untendered Bond will not be deemed to create new indebtedness, but such Bond will be deemed to evidence the indebtedness previously evidenced by the Untendered Bond.

Payment and Sources of Purchase Price. The Indenture states that payment for optionally Tendered Bonds shall be made by the Tender Agent at or before 4:00 p.m. Eastern Time, on the applicable Tender Date, first, from remarketing proceeds on deposit in the Bond Purchase Fund, second from proceeds of a payment under the Credit Facility, and, third from funds provided by the Borrower. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS -- Credit Facility" herein.

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 must also (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 such 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. See "THE BONDS -- Book-Entry Only System" herein.

Mandatory Tender Dates (Other Than Upon Default); Notice. The Indenture states that the Bondholders will 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% of the principal amount of the Bonds, plus accrued interest, if any, to the applicable Mandatory Tender Date. The Owners of the Bonds may not elect to retain their Bonds. Mandatory Tender Dates include each Adjustment Date (even if a proposed change in Mode fails to occur), each Substitution Date (even if a proposed substitution of an Alternate Credit Facility fails to occur), each Extension Date (on or prior to which the Trustee has not been furnished with an extension of the Credit Facility then in effect) and each Liquidity Expiration Date, as each such term is defined in the Indenture.

The Indenture states that the Trustee shall give notice of Mandatory Tender Dates as follows: not less than 30 days before any proposed Adjustment Date and not less than 10 days prior to any proposed Substitution Date or Extension Date, as applicable, notice of the proposed Adjustment Date, proposed Substitution Date or Extension Date, as applicable, and that the Bonds are required to be tendered on the proposed Adjustment Date (even if a proposed change in Mode fails to occur), proposed Substitution Date (even if the Alternate Credit Facility is not delivered on the proposed Substitution Date) or Extension Date, (unless the Trustee receives an extension of the Credit Facility then in effect), as applicable; each such notice will state that the Bondholders will not have the right to elect to retain their Bonds.

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

Mandatory Tender Dates (Upon Default); Notice. The Bonds (other than Excluded Bonds) are subject to mandatory tender upon receipt by the Trustee of written notice from the Credit Provider stating (a) that an Event of Default under the Reimbursement Agreement has occurred and directing that the Bonds be subject to mandatory tender or (b) that, while the Letter of Credit is in effect, the interest component of the Letter of Credit will not be reinstated following a draw on the Letter of Credit and directing that the Bonds be subject to mandatory tender. Such mandatory tender shall be made on the earliest practicable date (which shall be a Mandatory Tender Date), after notice of tender has been given to Bondholders and shall be payable solely from the sources provided in the Indenture at a purchase price equal to 100% 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 Indenture states that the Trustee shall give notice by first class mail, postage prepaid to the Owners of the Bonds stating that (i) such event has occurred, (ii) such Bonds are required to be tendered on the Mandatory Tender Date specified in such notice, and (c) that the owners thereof will not have the right to elect to retain their Bonds.

Untendered Bonds (Mandatory Tender). Pursuant to the Indenture, any Bond which is not so tendered on a Mandatory Tender Date ("Untendered Bond") shall be deemed to have been tendered to the Tender Agent as of such Mandatory Tender Date, and, from and after such Mandatory Tender Date, will cease to bear interest and no longer will be considered to be Outstanding. In the event of a failure by a Bondholder to deliver its Bonds on the Mandatory Tender Date, the Indenture states that such Bondholder shall 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 such 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. Florida Housing will sign, and the Tender Agent will authenticate and deliver to the Remarketing Agent for redelivery to the purchaser, a new Bond in replacement of the Untendered Bond. Pursuant to the Indenture, the replacement of any such Untendered Bond will not be deemed to create new indebtedness, but will be deemed to evidence the indebtedness previously evidenced by the Untendered Bond.

Payment and Sources of Purchase Price. The Indenture states that payment for Tendered Bonds subject to mandatory tender shall be made by the Tender Agent at or before 4:00 p.m. Eastern time, on the applicable Mandatory Tender Date, (1) for Bonds purchased on Mandatory Tender Dates (other than upon default), first, from remarketing proceeds on deposit in the Bond

Purchase Fund, second from proceeds of a payment under the Credit Facility, and, third from funds provided by the Borrower; or (2) for Bonds purchased on a Mandatory Tender Date upon default, first from the proceeds of a payment under the Credit Facility, and second, from funds provided by the Borrower. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS -- Credit Facility" herein.

No Sales After Wrongful Dishonor, No Purchase after Acceleration. The Indenture states that there will be no remarketing of Bonds in connection with any tender of Bonds if the Trustee has given notice to the Remarketing Agent that a Wrongful Dishonor has occurred and is continuing, and that there will be no purchase of Bonds in connection with any tender of Bonds if the Trustee has given notice to the Remarketing Agent that there has occurred and is continuing an acceleration of Bonds pursuant to the Indenture.

### **Remarketing Agent**

Pursuant to a Remarketing Agreement, dated as of May 1, 2004 (the "Remarketing Agreement"), by and among Florida Housing, the Remarketing Agent and the Borrower, the Remarketing Agent is required to determine the interest rates on the Bonds in accordance with the Indenture and is required to use its best efforts to remarket the Bonds in accordance with the Indenture and the Remarketing Agreement.

### **Redemption Provisions**

The Bonds (other than Excluded Bonds) are subject to optional and mandatory redemption prior to maturity at the times and at the redemption prices set forth in the Indenture. All redemptions in part shall be in such amount that the Bonds remaining Outstanding after such redemption shall be in Authorized Denominations.

Optional Redemption. The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower. Pursuant to the Indenture, optional prepayment of the Loan and corresponding optional redemption of the Bonds after Conversion will be permitted only with the prior written consent of the Credit Provider; provided, however, prior to the Conversion Date and from and after the Transition Date, the written consent of the Credit Provider shall not be required for the optional redemption of the Bonds if, prior to notice of redemption being sent to Bondholders, the Borrower has delivered to the Trustee for deposit into the Redemption Account the redemption price of the Bonds to be redeemed. Redemption will be in (i) whole, upon optional prepayment by the Borrower of the Loan in whole or (ii) corresponding part, upon optional prepayment by the Borrower of the Loan in part. Pursuant to the Indenture, redemptions will 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% of the principal amount redeemed plus accrued interest to the Redemption Date.

Source of Payments for Optional Redemption; Premium from Available Moneys other than the Credit Facility. Pursuant to the Indenture, the principal of and accrued interest on any Bond being optionally redeemed under the Indenture will (i) prior to the Conversion Date and from and after the Transition Date, be paid from a Draw on the Letter of Credit, (ii) from and

after the Conversion Date, be paid from an Advance under the Fannie Mae Credit Facility or (iii) if an Alternate Credit Facility is in effect, be paid from a Draw under the Alternate Credit Facility; the premium, if any, shall be paid with Available Moneys from a source other than the Credit Facility and from a party other than the Credit Provider. None of Florida Housing, the Credit Provider or the Loan Servicer shall have any obligation to provide funds to be included in any premium. The Indenture provides that optional redemption of the Bonds will not be permitted unless, on or before the Redemption Date, the Trustee has on deposit Available Moneys (from a source other than the Credit Facility and from a party other than the Credit Provider) in an amount sufficient to pay the premium, if any, on the Redemption Date.

Mandatory Redemption. The Bonds are subject to mandatory redemption, in whole or in part, 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. Pursuant to the Indenture, the principal of and accrued interest on any Bond being redeemed will (i) prior to the Conversion Date and from and after the Transition Date, be paid from a Draw on the Letter of Credit, (ii) from and after the Conversion Date, be paid from an Advance under the Fannie Mae Credit Facility or (iii) if an Alternate Credit Facility is in effect, be paid from a Draw under the Alternate Credit Facility. Bonds redeemed under this section of the Indenture shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the Redemption Date, but without premium. If the Trustee receives an amount for the mandatory redemption of Bonds in part which is not equal to an Authorized Denomination, the Trustee shall redeem bonds (other than Excluded Bonds) in an amount equal to the next lowest whole integral multiple of the Authorized Denomination to the amount received by the Trustee, with an excess to be held in the Redemption Account.

(a) Casualty or Condemnation. Pursuant to the Indenture, Bonds will 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 Mortgaged Property ("Proceeds") are applied in accordance with the Security Instrument to the prepayment of the Loan.

(b) After an Event of Default under the Reimbursement Agreement. The Bonds shall be redeemed in whole or in part at the written direction of the Credit Provider (and in the amount specified by the Credit Provider if the redemption is in part) requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Reimbursement Agreement. 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 pursuant to the Indenture to redeem the Bonds in whole.

(c) Principal Reserve Fund. Pursuant to the Indenture, the Bonds will be redeemed in whole or in part as follows:

(1) on each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account of the Revenue Fund in accordance with the Indenture; and

(2) on any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account as provided in the Indenture.

(d) Pre-Conversion Loan Equalization. Pursuant to the Indenture, the Bonds will be redeemed in part in the event the Borrower makes a Pre-Conversion Loan Equalization Payment.

(e) Excess Loan Funds. The Bonds will be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund are transferred to the Redemption Account pursuant to the Indenture.

### **Purchase in Lieu of Redemption**

If the Bonds are called for redemption in whole or in part, pursuant to the Indenture, the Bonds called for redemption may be purchased in lieu of redemption in accordance with the Indenture. Purchase in lieu of redemption shall 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. If Fannie Mae is the Credit Provider, in no event shall Fannie Mae in its capacity as Credit Provider, purchase the 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 shall (1) be in writing; (2) 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 (3) 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 for the account of the Credit Provider or its designee or the Borrower or its designee, as provided in the Indenture, 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. No notice of the purchase in lieu of redemption shall be required to be given to the Bondholders (other than the notice of redemption otherwise required under the Indenture).

### **Selection of Bonds to be Redeemed Upon Partial Redemption**

The Indenture states that if less than all of the Outstanding Bonds are called for redemption, the Taxable Bonds shall be called for redemption first. Within a Series, the Trustee will select by lot, in such manner as it determines in its discretion, the Bonds of such Series, or portions of the Bonds of such Series, to be redeemed such that the Bonds remaining Outstanding are in Authorized Denominations. The Indenture states that in the selection process (i) any Pledged Bonds Outstanding will be selected for redemption before any other Bonds are selected for redemption, and (ii) if applicable, the Bonds with the highest interest rate will be selected for redemption before any other Bonds are selected for redemption. As provided in the Indenture, Bonds which have previously been selected for redemption will not be deemed Outstanding.

Notwithstanding the foregoing, the Securities Depository for Book-Entry Bonds will select the Bonds for redemption within particular maturities according to its stated procedures.

### **Notice of Redemption**

The Indenture states that, for any redemption of the Bonds pursuant to optional redemption (as described in "THE BONDS -- Redemption Provisions -- Optional Redemption" herein) or mandatory redemption (as described in "THE BONDS -- Redemption Provisions -- Mandatory Redemption" herein) (other than due to an Event of Default under the Reimbursement Agreement), the Trustee will give notice of redemption by first class mail, postage prepaid, not less than ten (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 Indenture states that the Trustee will not be required to give the notice set forth in the immediately preceding sentence. In the case of any mandatory redemption of Bonds after an Event of Default under the Reimbursement Agreement, notice of redemption shall be given immediately. In the case of an optional redemption under the Indenture, the notice of redemption is to state that it is conditional upon receipt by the Trustee of sufficient moneys to redeem the Bonds including sufficient Available Moneys to pay any redemption premium in full, and such notice and optional redemption shall be of no effect (i) if by no later than the scheduled Redemption Date, sufficient moneys to redeem the Bonds and Available Moneys from a source other than the Credit Provider, sufficient to pay in full any redemption premium in connection with such redemption have not been deposited with the Trustee, or if moneys deposited with the Trustee to pay any redemption premium are not Available Moneys, or (ii) the Trustee, at the written direction of the Credit Provider, rescinds such notice on or prior to the scheduled Redemption Date. The Indenture states that the Trustee shall cause a second notice of redemption to be sent by first class mail, postage prepaid, on or within ten days after the 30th day after the Redemption Date to any Bondholder who has not submitted its Bond to the Trustee for payment on or before the 30th day following the Redemption Date.

The Indenture states that at the same time notice of redemption is sent to the Registered Owners as described above, the Trustee shall send notice of redemption by first class mail, overnight delivery service or other overnight means, postage or service prepaid (or as specified 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 (as described in the Indenture) 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 (2) of the national Information Services (as described in the Indenture) that disseminate securities redemption notices.

The Indenture states that if notice of redemption is given as provided 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.

## **Rescission of Conditional Redemption; Cancellation of Conditional Redemption**

The Indenture states that the Trustee shall rescind any Conditional Redemption by notice of rescission if the requirements of the Indenture have not been met on or before the Redemption Date or if the Trustee has received a direction to cancel the Conditional Redemption from the Credit Provider. The Indenture states that 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 and that the redemption shall be deemed canceled once the Trustee has given notice of rescission. The Indenture states that any Bonds subject to a Conditional Redemption which has been canceled 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. The Indenture states that notwithstanding notice of redemption having been given in the manner described 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 Indenture states that 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. The Indenture states that 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.

## **Book-Entry Only System**

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT FLORIDA HOUSING BELIEVES TO BE RELIABLE, BUT FLORIDA HOUSING DOES NOT TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of each series of the Bonds, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform

Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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, GSAC, 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](http://www.dtcc.com).

So long as the book-entry only system is in effect, beneficial interests in the Bonds will be available in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds will not receive certificates representing their beneficial interests in the Bonds purchased. The Underwriter is to confirm original issuance purchases of beneficial interests with statements containing certain terms of the Bonds in which such beneficial interests are purchased.

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 Bonds ("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, defaults, and proposed amendments to the Indenture. 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.

The Trustee will make payments of principal of, premium, if any, and interest on the Bonds to DTC or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the Bonds. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Florida Housing and the Trustee, on payable dates 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 or its nominee, the Trustee or Florida Housing, 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 Florida Housing or the Trustee, 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.

Florida Housing and the Trustee will send redemption notices to DTC. If less than all of the Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Florida Housing 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).

NEITHER FLORIDA HOUSING, THE TRUSTEE, THE BORROWER NOR THE CREDIT PROVIDER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE BONDS FOR THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE BONDS OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR INTEREST, OR ANY PREMIUM ON THE BONDS, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF BONDS FOR REDEMPTION.

Florida Housing and the Trustee cannot give any assurances that DTC, DTC Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Official Statement.

For every transfer and exchange of beneficial interests in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

Upon (i) delivery of written notice by Florida Housing to the Trustee, the Bond Registrar and to DTC to the effect that a continuation of the requirement that all of the Outstanding Bonds be registered on the registration books of Florida Housing kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial Owners of the Bonds or (ii) receipt by Florida Housing, the Trustee and the Bond Registrar of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC under the Indenture can be found by Florida Housing which is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered on the registration books of Florida Housing kept by the Bond registrar in the name of Cede & Co., as nominee of DTC, and shall otherwise be registered in accordance with the provisions of the Indenture.

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## **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the sale of the Bonds (exclusive of amounts received as accrued interest, if any) and certain other moneys are expected to be applied approximately as follows:

### **SOURCES:**

Tax Exempt Bonds	\$11,340,000.00
Taxable Bonds	235,000.00
Good Faith Deposit	115,750.00
Tax Credit Equity at Closing	<u>1,748,683.00</u>
Total Sources:	<u>\$13,439,433.00</u>

### **USES:**

Deposit to Project Account	\$12,344,472.75
Deposit to Capitalized Funds Account	183,270.00
Florida Housing's Cost of Issuance Account	214,617.00
Borrower's Cost of Issuance Account	564,901.00
Taxes and Insurance Escrow	<u>132,172.25</u>
Total Uses:	<u>\$13,439,433.00</u>

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

For the purposes of this Section, as provided in the Indenture, the term "Credit Provider" means during the period that (i) the Letter of Credit is in effect, the Bank, (ii) the Fannie Mae Credit Facility is in effect, Fannie Mae or (iii) any Alternate Credit Facility is in effect, the Alternate Credit Provider then obligated under the Alternate Credit Facility.

Under the terms of the Indenture, the Bonds are secured by the Credit Facility (described under the caption "Credit Facility" herein) and by a pledge of the Trust Estate comprised of the following:

(1) all right, title and interest of Florida Housing 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;

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

(3) all right, title and interest of Florida Housing in and to the Net Bond Proceeds and the accrued interest, if any, derived from the sale of the Bonds, the Revenues (other than an Advance for payment of the Florida Housing Fee) and all Funds, Accounts and Investments under the Indenture (including, but not limited to, moneys, documents, securities, Investment Income, instruments, and general intangibles on deposit or otherwise held by the Trustee under the Indenture) but excluding moneys in the Fees Account (other than Investment Income earned on moneys on deposit in the Fees Account), the Rebate Fund, the Costs of Issuance Fund, the Replacement Reserve Fund and the Tax and Insurance Escrow Fund (including within such exclusion Investment Income earned on amounts on deposit in the Costs of Issuance Fund, the Rebate Fund, the Replacement Reserve Fund and the Tax and Insurance Escrow Fund);

(4) 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

(5) all of the proceeds of the foregoing, including, without limitation, Investments and Investment Income (except as excluded in paragraph 3 above).

The foregoing (collectively the "Trust Estate") are pledged for the equal and proportionate benefit, security and protection of (i) 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 others of the Bonds and (ii) the Credit Provider to secure the payment of all amounts owed to the Credit Provider under the Credit Facility Documents and the Loan Documents. The Trust Estate, together with the Credit Facility, comprise the Security for the Bonds. From and after the earlier of the Conversion Date or the Transition Date, upon any default by the Borrower under any Bond Document, any Loan Document or any Credit Facility Document, all or a portion of the funds on deposit in the Funds and Accounts (other than the Rebate Fund, the Costs of Issuance Fund, the Fees Account, the Replacement Reserve Fund and the Tax and Insurance Escrow Fund) shall be paid or applied in any manner directed by the Credit Provider.

#### **Credit Facility**

In addition to the other security provided under the Indenture, the Bonds will be secured by the Letter of Credit. If Conversion occurs, the Indenture provides that the Bonds will be secured from and after the Conversion Date by the Fannie Mae Credit Facility.

**Letter of Credit.** The Letter of Credit is in the aggregate Stated Amount of \$11,705,849 of which (i) \$11,575,000 will be available to the Trustee to pay the principal of the Bonds at maturity or upon redemption or acceleration or to pay the portion of the purchase price of Tendered Bonds representing the principal amount of the Tendered Bonds, and (ii) \$130,849 (representing thirty-four (34) days of interest on the maximum aggregate principal amount of Outstanding Bonds that may be issued under this Indenture calculated at the rate of twelve percent (12%) per annum and computed on the basis of a 365/366 day year) will be available to pay interest on the Bonds or to pay the portion of the purchase price of Tendered Bonds representing accrued interest on the Tendered Bonds. The Stated Amount is subject to reduction and reinstatement in accordance with the terms of the Letter of Credit. In the event that the

Conversion Date has not occurred at least ten (10) days prior to the then applicable Letter of Credit Expiration Date (without regard to the reason for such Conversion not having occurred), the Letter of Credit must permit the Trustee to draw on the Stated Amount thereof unless prior to such tenth (10<sup>th</sup>) day preceding the then applicable Letter of Credit Expiration Date, the Borrower has extended or replaced such Letter of Credit. The Letter of Credit expires on August 1, 2007, which date is subject extension and to earlier termination in certain events, including termination on the Conversion Date. For information regarding the Bank, see "THE BANK" herein. The form of the Letter of Credit is attached hereto as "APPENDIX I -- FORM OF THE LETTER OF CREDIT."

Fannie Mae Credit Facility. If Conversion occurs, Fannie Mae will deliver the Fannie Mae Credit Facility to the Trustee on, and to be effective as of, the Conversion Date. The Fannie Mae Credit Facility is expected to be a direct pay credit enhancement instrument. See "APPENDIX J -- PROPOSED FORM OF THE FANNIE MAE CREDIT FACILITY" attached hereto. For information regarding Fannie Mae, see "FANNIE MAE" herein.

Alternate Credit Facility. Upon substitution of any Alternate Credit Facility or termination of the Credit Facility, the Bonds will be subject to mandatory tender for purchase as described below under the caption "THE BONDS -- Tender" herein.

#### **Principal Reserve Fund**

The Principal Reserve Fund is established pursuant to the Indenture and is to be held by the Trustee.

Pursuant to the Indenture, the Trustee is to deposit into the Principal Reserve Fund (i) all of the monthly payments made by the Borrower in accordance with the Principal Reserve Schedule, as such schedule may be amended in writing; and (ii) Investment Income earned on amounts on deposit in the Principal Reserve Fund. The Trustee shall pay or transfer amounts on deposit in the Principal Reserve Fund as follows:

(1) at the written direction of the Credit Provider, to the Credit Provider to reimburse the Credit Provider for any unreimbursed Draw or Advance, as applicable, 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 (as such terms are defined in the Indenture) (including any amounts required to be paid to the Credit Provider);

(2) 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;

(3) 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 by the Credit Provider (if Fannie Mae is the Credit Provider such use must

be approved by the General Counsel of the Credit Provider) or, at the written direction of the Credit Provider, to the redemption of the Bonds, in whole or in part;

(4) 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 in writing, for any use approved in writing by the Credit Provider (if Fannie Mae is the Credit Provider such purpose must be approved by the General Counsel of the Credit Provider);

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

(6) 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, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of \$100,000; or if Fannie Mae is not the Credit Provider, rounded downward to the nearest Authorized Denomination) shall be transferred, on the next earliest Interest Payment Date for which notice or redemption under the Indenture can be given, to the Redemption Account to be applied to the redemption of Taxable Bonds until all of the Taxable Bonds are redeemed; following redemption of all Taxable Bonds, if the aggregate amount on deposit in the Principal Reserve Fund (excluding all Investment Income) on the tenth (10th) day of any month, equals or exceeds \$100,000, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of \$100,000, or, if Fannie Mae is not the Credit Provider, rounded downward to the nearest Authorized Denomination), shall be transferred, on the next earliest Interest Payment Date for which notice of redemption pursuant to the Indenture can be given, to the Redemption Account to be applied to the redemption of Tax Exempt Bonds; and

(7) on the Interest Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower, 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 or Event of Default by the Borrower exists under any Credit Facility Document, 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 is to 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.

See "APPENDIX B -- SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Principal Reserve Fund" attached hereto.

#### **Limited Liability**

THE BONDS ARE LIMITED OBLIGATIONS OF FLORIDA HOUSING, PAYABLE SOLELY OUT OF THE REVENUES, RECEIPTS AND OTHER MONEYS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS ARE NOT A DEBT, EITHER

GENERAL OR SPECIAL, OF THE STATE OF ANY LOCAL GOVERNMENT OR OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE; AND NEITHER THE STATE, ANY LOCAL GOVERNMENT NOR ANY OTHER POLITICAL SUBDIVISION OF THE STATE WILL BE LIABLE FOR THE PAYMENT OF THE BONDS. NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE, ANY LOCAL GOVERNMENT OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS. THE BONDS ARE PAYABLE, AS TO PRINCIPAL PREMIUM (IF ANY) AND INTEREST, SOLELY OUT OF THE TRUST ESTATE WHICH IS THE SOLE ASSET OF FLORIDA HOUSING PLEDGED THEREFOR, AND THEN ONLY TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF FLORIDA HOUSING NOR ANY PERSONS EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. FLORIDA HOUSING HAS NO TAXING POWER.

#### **Enforceability of Remedies**

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

#### **THE BANK**

*The following information has been provided solely by the Bank. None of Florida Housing, the Borrower, the Loan Servicer nor the Underwriter, nor any of their counsel, officers or employees makes any representation as to the accuracy or sufficiency of such information.*

#### **Certain Information Concerning the Bank**

The Bank is a national banking association organized under the laws of the United States, and its principal executive offices are located in Charlotte, North Carolina. The Bank is a wholly owned indirect subsidiary of Bank of America Corporation and is engaged in general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of June 30, 2003, the Bank had consolidated assets of \$737 billion, consolidated deposits of \$414 billion and stockholder's equity of \$50 billion based on regulatory accounting principles. Bank of America Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding Bank of America Corporation is set forth in its Annual Report

on Form 10-K for the fiscal year ended December 31, 2002, together with any subsequent documents it filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("Moody's") currently rates the Bank's long-term certificates of deposit as "Aa1" and short-term certificates of deposit as "P-1." Standard & Poor's Rating Services ("Standard & Poor's") rates the Bank's long-term certificates of deposit as "AA-" and its short-term certificates of deposit as "A-1+." Fitch, Inc. ("Fitch") rates long-term certificates of deposit of the Bank as "AA-" and short-term certificates of deposit as "F1+." Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the most recent publicly available portions of the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation  
100 North Tryon Street, 18<sup>th</sup> Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communications

**PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.**

The information contained herein relates to and has been obtained from the Bank. The information concerning Bank of America Corporation and the Bank contained herein is furnished solely to provide limited introductory information regarding Bank of America Corporation and the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing the documents and the financial statements referenced above.

The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of Bank of America Corporation or the Bank since the date hereof, or

that the information contained or referred to herein is correct as of any time subsequent to its date.

## FANNIE MAE

*The following information has been provided solely by Fannie Mae. None of Florida Housing, the Borrower, the Loan Servicer nor the Underwriter, nor any of their counsel, officers or employees makes any representation as to the accuracy or sufficiency of such information.*

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 \$901.7 billion of mortgage loans as of December 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 December 31, 2003, Fannie Mae's core capital<sup>1</sup> was \$34.40 billion. Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on form 10-K, quarterly report of 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](http://www.sec.gov). The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at <http://www.fanniemae.com/ir/infostatements>.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the bonds for any investor, the feasibility or performance of any project, or

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<sup>1</sup> 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.

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 Fannie Mae Credit Facility, if and when issued, and exercising the rights reserved to it in the Indenture and the Fannie Mae Reimbursement Agreement, as applicable.

## **THE BORROWER, THE MANAGER AND THE DEVELOPMENT**

*The following information has been provided by the Borrower for use herein. While the information is believed to be reliable, neither Florida Housing, the Underwriter, subject to the standard of review found on the inside cover hereof, the Bank, Fannie Mae, the Loan Servicer nor any of their respective counsel, members, officers or employees make any representations as to the accuracy or sufficiency of such information.*

### **The Borrower**

The Development will be owned by The Arlington LP, a Georgia limited partnership doing business in the State of Florida as Arlington Bencor LP, (the "Borrower"), whose general partner, with a 0.01% interest is Arlington Management LLC, a Florida limited liability company. Bencor Arlington LLC, a Georgia limited liability company, is the sole member of the General Partner.

### **The Manager**

The Development will be managed by Bencor Asset Management, Inc., a Tennessee corporation ("BAM"), whose sole shareholder is Robert A. Crowder. BAM is an affiliate of Bencor, Inc., the Developer. BAM currently manages approximately 4,720 units of stabilized and nearly-stabilized rental units for certain developed properties and has executed management agreements for other properties under construction and/or development. BAM's projected management fee in connection with the Development is 5% of gross collections. The prior experience of BAM is no assurance that the Development will be successful.

### **The Developer**

The Borrower has entered into a development agreement with Bencor Inc., a Delaware corporation ("Bencor"), pursuant to which Bencor will be responsible for certain development services in connection with the Development and will receive a development fee.

### **The Development**

The Development is located at 843 Alderman Road, Jacksonville, Duval County, Florida 32211. The Development consists of 288 units within 26 two story walk-up "garden" style apartment buildings located on approximately 14.85 ± acres.

The Development includes one clubhouse containing approximately 3,147 square feet. Development amenities include: swimming pool, playground/tot lot, car care area, outside recreation facility, library, laundry facilities and exterior lighting in open and common areas.

The residential buildings will be two story "garden" style structures. The apartments are a combination of wood framed and block two-story structures. The foundation systems are fairly typical consisting of cast-in-place concrete foundation split walls and a combination of monolithic thickened footings and perimeter continuous strip footings for load-bearing walls and concentrated column loads. The floor slab is typically 4" thick except at the thickened load-bearing wall areas. Interior stud frame partitions consist of southern yellow pine of varying stud spacing depending on the floor level and loading conditions. Floor framing and roof framing consist of prefabricated floor and roof trusses with 3/4-inch floor decking and 7/16-inch roof decking. The building exteriors consist of a combination of a jumbo brick and brick finished stucco. The apartment landings are of metal and concrete construction. The stair railings consist of painted steel and wood picket construction. Existing single-pane aluminum windows are not shown as replacement items.

Interior walls consist of painted drywall. The ceilings will be textured painted drywall. Sheet vinyl flooring will be used in the entry foyer, kitchen, and bath areas. All other floors will be carpeted. The tub surrounds are ceramic. The apartment units are furnished with electric appliances and HVAC systems. The HVAC systems were replaced in 1995 and will not be replaced as part of the renovation (repair and partial replacement only).

There are a total of 508 open parking spaces (three are shown to become handicapped spaces); however, since the subject is an existing property, it is grandfathered-in and is a legally non-conforming use.

The total Project Costs are estimated to be \$16,108,000 which are expected to be paid from the Bonds proceeds, partnership equity and various deferred fees.

The Development will have various restrictions on rental units related to the issuance of the Bonds, which are summarized herein. See "APPENDIX D -- SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" attached hereto.

#### **ADDITIONAL RESTRICTIVE COVENANTS**

In addition to the restrictive covenants set forth in the Regulatory Agreement, (see APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT) the Development shall be subject to various additional restrictive covenants in connection with financing that may be obtained from certain state and local governments. The summaries of each of said restrictive covenants are qualified in their entirety by reference to the actual documents in which such covenants are contained, copies (or samples) of which may be obtained from the Borrower. The following information is not intended to be a complete list of restrictions or restrictive covenants that may be placed on the Development.

## **Extended Low-Income Housing Agreement**

In connection with the LIHTC anticipated to be allocated to the Borrower in connection with the Development, the Borrower will execute an Extended Low-Income Housing Agreement in accordance with the requirements of Section 42 of the Code (the "Extended Low-Income Housing Agreement"). The Extended Low-Income Housing Agreement will extend the low-income housing tax credit income targeting and rent restrictions for the Development under Section 42 of the Code for at least 15 years beyond the initial 15 year compliance period, subject only to a few exceptions. The Extended Low-Income Housing Agreement will be executed by the Borrower and the Florida Housing Finance Corporation before the end of the first year of the credit period (as defined in Section 42 of the Code) and recorded in the public land records as a covenant running with the land (to the extent the owners of the land join in the execution of the Extended Low-Income Housing Agreement). The Extended Low-Income Housing Agreement for the Development will, among other things, require that up to 40% of the completed residential rental units (116 units) in the Development be occupied by tenants whose gross income is at or below 60% of area median gross income and that the units be rent-restricted under Section 42(g)(2) of the Code throughout the Extended Use Period as defined in the Code.

Under the Code, the extended use period terminates prior to its expiration date if the Development is acquired by foreclosure. Notwithstanding the foregoing, the Code requires that any termination of the extended use period due to foreclosure not permit (i) the eviction or termination of tenancy of an existing tenant without cause or (ii) any increase in the gross rent of any such units before the close of a three year period following such foreclosure.

## **BONDHOLDERS' RISKS**

Purchase of the Bonds involves certain investment risks. In order to identify those risks and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices attached 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. Such risks should not affect the payment of principal of and interest on the Bonds if the Credit Provider fulfills its obligations under the Credit Facility. However, upon any inability or refusal of the Credit Provider to fulfill its obligations under the Credit Facility, payment of the principal of and interest on the Bonds will be subject to the various risks described below. The following list of factors, while not setting forth all the factors which must be considered, contains some of the factors which should be considered prior to purchasing the Bonds. THIS DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, COMPREHENSIVE OR EXHAUSTIVE.

### **Real Estate Risks**

Normal Risks. Normal risks attending any investment in real estate include possible adverse use of adjoining land, fire or other casualty, condemnation, increased taxes, changes in demand for such facilities, increases in utility rates, adverse general and local economic conditions, energy shortages, a decline in property values in the geographic area of the

Development, increases in operating costs due to inflation, non-compliance of tenants with the terms of their leases, unfavorable governmental regulation (such as enactment of rent controls), force majeure and uninsurable risks, construction strikes and decrease in the relative popularity of real estate investments as contrasted with other investments. These risks and many others cannot be controlled by the Borrower and may have a substantial bearing on the profitability and financial feasibility of the Development, which in turn may affect the realizable value of the real estate and other collateral securing payment of the Bonds.

Failed Completion. In the event that the rehabilitation of the Development is not completed, the Bonds may be subject to mandatory tender or redemption.

Competing Facilities. There are other comparable apartment properties currently built or under construction that will compete with the Development for tenants. A market study was prepared at the direction of Florida Housing on March 2, 2004. According to the market study, there are several market-rate properties under construction or proposed about five miles south of the Development that are not expected to compete with the Development. There are four proposed affordable developments in the market area, Ryan Oaks, Pine Meadows, Liberty Center IV and Mayport Landing, two of which are not expected to compete with the Development as they target different market segments or are more than 10 miles away from the Development. The other two properties will compete with the Development when they are completed. It is anticipated that Ryan Oaks will have units ready for occupancy in December 2004 and Pine Meadows is expected to be ready for occupancy in December 2005.

There may be other multifamily housing complexes contemplated or under construction or not contained in the market study. In addition, competing owners, including Affiliates of the Borrower, may develop, construct, acquire and/or operate other facilities that could compete with the Development for tenants and Florida Housing may issue bonds for financing such projects. Any competing facilities could adversely affect rental rates, absorption and ultimately occupancy of the Development, the revenues generated by the Development and, consequently, may result in the risk of a mandatory redemption or mandatory tender for purchase of the Bonds prior to maturity resulting from a default under the applicable Reimbursement Agreement. See "THE BONDS--Tender", and "THE BONDS -- Redemption Provisions" herein. There is no assurance that the tenants will not choose other competing projects over the Development.

Management of the Development. The successful operation of the Development will depend, to a large extent, upon the management services provided by Bencor Asset Management ("Manager") and upon the ability of the Borrower to lease the units, keeping the Development substantially occupied through the term of the Bonds. There is no assurance that the Manager will operate the Development on a profitable basis. There can be no assurance that the Development will be operated in a manner which will provide sufficient revenues to operate and maintain the Development and still pay principal and interest on the Loan timely and in amounts sufficient to pay the principal and interest on the Bonds. See "THE BORROWER, THE MANAGER AND THE DEVELOPMENT" herein.

Requirements of Tax-Exempt Financing and the LIHTC Program. The economic feasibility of the Development will depend, in large part, upon the Development being

substantially occupied. The Borrower will be required, as a condition to preserving the exclusion from gross income for federal income tax purposes of the interest on the Tax Exempt Bonds, to maintain at least 40% of the units in the Development for occupancy by low income tenants. Furthermore, the Borrower has agreed to increase the number of set-aside units to require that 85% of the residential rental units in the Development be occupied by Low Income Tenants. Additionally, as required by the Borrower's participation in the LIHTC Program, the Borrower has agreed to set aside 100% of the residential rental units in the Development for occupancy by low income tenants. See "APPENDIX D -- SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" attached hereto and the captions "THE BORROWER, THE MANAGER AND THE DEVELOPMENT," "ADDITIONAL RESTRICTIVE COVENANTS" and "TAX MATTERS" herein. There can be no assurance that the Borrower will be able to rent units to comply with these requirements or at rents which provide sufficient revenues to operate and maintain the Development and still pay principal and interest on the Loan timely and in amounts sufficient to pay the principal and interest on the Bonds.

Early Redemption. Various events and circumstances described elsewhere in this Official Statement could result in the early redemption or acceleration of the Bonds. In addition, the Borrower may, in the future, obtain additional financing to be secured by the Mortgaged Property, including financing arranged or originated by a Fannie Mae seller/servicer. The acceleration of any additional financing by the holder or beneficiary of the instrument securing such financing will, under the terms of the Security Instrument, constitute a default under the Security Instrument and, by cross-default, a default under the Reimbursement Agreement. Any such default could, at the direction of Fannie Mae, result in a mandatory redemption or acceleration of the Bonds. The possibility of an early redemption or acceleration could affect the value of the Bonds. See "THE BONDS -- Redemption Provisions" herein.

Effect of Increases in Operating Expenses. It is impossible to predict future increases in operating expenses. Substantial increases in operating expenses may affect future net operating income of the Development and the ability of the Borrower to meet its debt service obligations, primarily, its reimbursement obligations to the Credit Provider.

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

Occupancy and Rent Restrictions. Requirements of the Code, Florida Housing and the LIHTC Program require that units of the Development be set aside for persons of low and moderate income and that rents be set at prescribed levels. See "THE BORROWER, THE MANAGER AND THE DEVELOPMENT" and "ADDITIONAL RESTRICTIVE COVENANTS" herein. These restrictions may have an adverse impact on the Development. For

example, if allowable rent increases do not keep pace with increases in operating costs, net operating income may be adversely affected.

The above-listed risks, while not comprehensive or exhaustive, may adversely affect the occupancy and revenues generated by the Development and consequently, may affect the risk of a mandatory redemption or mandatory tender for purchase of the Bonds by the Credit Provider prior to maturity. See "THE BONDS -- Tender," and "THE BONDS -- Redemption Provisions" herein.

### **Other Risks**

**The Credit Facility.** The Credit Provider will issue the Credit Facility, which will authorize the Trustee to draw on or request advances under, as applicable, the Credit Facility, in accordance with the terms and conditions set forth in the applicable Credit Facility. Such draws or requests are to be made periodically in an amount equal to the interest due on the Bonds and, in the event of the redemption, tender for purchase by a Bondholder, mandatory tender for purchase by a Bondholder or acceleration of the maturity of the Bonds, an amount not to exceed the principal amount or purchase price of the Bonds to be redeemed or purchased plus accrued interest on such principal amount or purchase price. The Letter of Credit provides coverage for up to 34 days of interest at 12% per annum. The Fannie Mae Credit Facility, if issued, will provide coverage for up to 34 days of interest at 12% per annum. The Credit Facility is the Bondholders' expected source of payment of principal of and interest on the Bonds. Certain information with respect to the Credit Provider and the Credit Facility is included in this Official Statement under the headings "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS -- Credit Facility", "THE BANK," "APPENDIX I -- FORM OF THE LETTER OF CREDIT" and, separately, "FANNIE MAE" and "APPENDIX J -- PROPOSED FORM OF THE FANNIE MAE CREDIT FACILITY." Prospective purchasers of the Bonds should analyze the credit and liquidity qualifications of the Bank and, on the assumption that Conversion will occur, Fannie Mae, in making any investment decision regarding the Bonds. In the event the Credit Provider is unable to pay the principal of and interest on the Bonds as such payments become due, the Bonds will be payable solely from moneys received by the Trustee pursuant to the Note.

**Failure to Satisfy Final Conditions to Conversion.** If the Final Conditions to Conversion in the Conversion Agreement are not satisfied on or before the Termination Date (or, to the extent not satisfied, are not waived by Fannie Mae, where waiver is permitted) with the result that the Loan Servicer fails to issue a Final Notice of Conversion on or before the Termination Date, (a) Conversion will not occur, (b) the Bonds will be subject to either mandatory redemption pursuant to the Indenture or to purchase by or for the account of the Bank pursuant to the Indenture and (c) the Letter of Credit will terminate in accordance with its terms. The events described in the previous sentence could occur, for example, upon Borrower's failure to complete the construction of the Development or upon failure to achieve stabilized occupancy of the Development.

**Limited Obligations.** In the event the Credit Provider is unable to pay the principal of and interest on the Bonds as such payments become due, the Bonds will be payable solely from moneys received by the Trustee pursuant to the Note. With certain limited exceptions, the

obligations of the Borrower (or any future owner of the Development) under the Note are, with certain exceptions, nonrecourse to the Borrower. No representation or assurance can be given to the effect that the Development will generate sufficient revenues to enable the Borrower to meet its payment obligations under the Note. See "APPENDIX C -- SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT" attached hereto.

Risks While in Variable Rate Mode. While the Bonds are in the Weekly Variable Rate Mode (a) they are subject to optional redemption without premium; and (b) the interest rate borne by the Bonds is fully floating, subject to the Maximum Rate. Following the Conversion Date, the Borrower has agreed to enter into Hedge Documents which, among other things, mitigate interest rate risk for the Borrower and impose certain additional obligations on the Borrower.

Risk of Taxability. The Borrower and Florida Housing have covenanted and agreed to comply with the provisions of the Code relating to the excludability from gross income for federal income tax purposes of the interest payable on the Tax Exempt Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenants. If, however, the Borrower or Florida Housing fails to comply with such covenants, interest on the Tax-Exempt Bonds may be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

THERE IS NO PROVISION IN THE INDENTURE OR THE BONDS FOR REDEMPTION, ACCELERATION OR TENDER OF THE TAX EXEMPT BONDS OR FOR PAYMENT OF ADDITIONAL INTEREST ON THE TAX EXEMPT BONDS IF INTEREST ON THE TAX EXEMPT BONDS BECOMES INCLUDABLE IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

## THE LOAN SERVICER

*The following has been provided by CWCapital LLC, a Massachusetts limited liability company (the "Loan Servicer") and neither the Borrower, Florida Housing nor the Underwriter, subject to the standard of review found on the inside cover hereof, will assume any responsibility for the accuracy and completeness of such information.*

Beginning on the Conversion Date, the Loan Servicer will perform mortgage servicing functions with respect to the Loan on behalf of and in accordance with Fannie Mae 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 Florida Housing 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.

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 Florida Housing, the Trustee or the Borrower, and none of the Trustee, Florida Housing or the Borrower has 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 of performance of the Development or compliance with any securities, tax or other laws or regulations. The Loan Servicer's role is limited to underwriting and servicing the Loan.

## **THE FLORIDA HOUSING SERVICER**

*The following has been provided by AmeriNational Community Services, Inc., (the "Florida Housing Servicer"), of Tampa, Florida, and neither Florida Housing nor the Borrower will assume any responsibility for the accuracy and completeness of such information.*

The Florida Housing Servicer will provide the services set forth in the Construction Loan Agreement for the Development as well as certain services described in the other relevant Loan Documents. The Florida Housing Servicer has over 26 years of continuous service in the mortgage banking field. The Florida Housing Servicer is a Minnesota corporation whose stock is owned by Americana National Bank.

The Florida Housing Servicer specializes in the servicing of rental communities for low and moderate income families and individuals. The Florida Housing Servicer provides compliance servicing for over 59 apartment communities in the State, and has provided construction servicing for 39 apartment communities and permanent loan servicing for 39 first and second mortgage loans for apartment communities.

The Florida Housing Servicer has provided a credit underwriting report to Florida Housing for its review and consideration in connection with the Development.

## **TAX MATTERS**

Section 142(d) of the Code provides that interest on certain governmental obligations, such as the Tax-Exempt Bonds, substantially all of the proceeds of which are to be used to

provide financing for projects for “residential rental property,” shall be exempt from federal income tax if, among other things, at all times during the Qualified Project Period either 20% or more of the units are set aside for tenants having incomes of 50% or less of Area Median Gross Income or 40% or more of the units are set aside for tenants having incomes of 60% or less of Area Median Gross Income.

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

Florida Housing has established requirements, procedures and safeguards which it believes to be sufficient to ensure compliance with the requirements of Section 142(d) of the Code and the Treasury Regulations with respect to the Development. Such requirements, procedures, and safeguards are incorporated into the Financing Agreement, the Indenture and the Regulatory Agreement.

Section 148 of the Code provides that interest on the Tax-Exempt Bonds will not be excludable from gross income for federal income tax purposes unless (a) the investment of the proceeds of the Tax-Exempt Bonds meets certain arbitrage requirements and (b) certain “excess” earnings on such investments are rebated to the United States of America (collectively the “Arbitrage Restrictions”). The Trustee, Florida Housing and the Borrower have entered into an Arbitrage Rebate Agreement regarding the Arbitrage Restrictions. In the event of non-compliance by the Trustee, Florida Housing or the Borrower with the Arbitrage Restrictions, interest on the Tax-Exempt Bonds would be taxable for federal income tax purposes retroactively from the date of issuance of such Tax-Exempt Bonds. The Borrower has also covenanted to comply with certain other applicable provisions of the Code which are required as a condition to the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes. The Code includes requirements which Florida Housing and the Borrower must continue to meet after the issuance of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds not be included in gross income for federal income tax purposes. Florida Housing’s or the Borrower’s failure to meet these requirements may cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Florida Housing and the Borrower have covenanted in the Indenture and the Financing Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

In the opinion of Bond Counsel, assuming continuing compliance by Florida Housing and the Borrower with certain tax covenants, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, except for interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who is a “substantial user” of the facilities financed by the Tax-Exempt Bonds or a “related person” within the meaning of Section 147(a) of the

Code. Interest on the Tax-Exempt Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations.

Bond Counsel is further of the opinion that the Bonds and the interest thereon are exempt from taxation under the laws of the State, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

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

**INTEREST ON THE TAXABLE BONDS IS NOT EXCLUDED FROM GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.**

#### **DISCLOSURE REQUIRED BY SECTION 517.051, FLORIDA STATUTES**

Rule 3E-400.003, Rules of Government Securities, promulgated by the Florida Department of Banking and Finance, Division of Securities, under Section 517.051(l), Florida Statutes ("Rule 3E-400.003"), requires Florida Housing to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by Florida Housing after December 31, 1975. Rule 3E-400.003 further provides, however, that if Florida Housing, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The Bonds do not constitute a general debt, liability or obligation of Florida Housing, but are instead secured by amounts on deposit under the Indenture and by other security discussed herein. The Bonds are not being offered on the basis of the financial strength of Florida Housing. Accordingly, Florida Housing, in good faith, believes that disclosure of any such default on bonds with respect to which Florida Housing was merely a conduit Florida Housing and which are secured solely by payments of the respective borrower under a loan agreement, lease agreement or installment sale agreement, would not be considered material by a reasonable investor in the Bonds.

Florida Housing is aware of a number of defaults under conduit issues for multi-family housing for which Florida Housing served as issuer. Since Florida Housing is not obligated to pay debt service on such issues except from payments made by the various borrowers under their agreements, and such defaults in no way impact the Bonds, specific disclosures relating to such defaults have been omitted. Florida Housing is not, and since December 31, 1975, has not been in default as to principal and interest on single-family or homeownership bonds issued by Florida Housing.

## **LEGAL MATTERS**

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer, without notice and to the approval of legality by Greenberg Traurig, P.A., Miami, Florida and Edwards & Castarphen, Miami, Florida, Bond Counsel.

Certain legal matters will be passed upon for Florida Housing by its Disclosure Counsel, Allen, Lang, Carpenter & Peed, P.A., Orlando, Florida, and by its Special Counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, for Fannie Mae by its special counsel, Arent Fox PLLC, Washington, D.C., for the Borrower by Broad and Cassel, Orlando, Florida, and for the Underwriter and the Remarketing Agent, by GrayRobinson, P.A., Tampa, Florida.

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.

## **SENIOR FINANCIAL ADVISOR**

CSG Advisors, Incorporated, is serving as Senior Financial Advisor to Florida Housing with respect to the planning, structuring and sale of each series of the Bonds. The Senior Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of each series of the Bonds and provided other advice. The Senior Financial Advisor does not underwrite or trade bonds and therefore will not bid on or otherwise engage in any underwriting activities with regard to the issuance and sale of each series of the Bonds. The Senior Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with continuing disclosure undertakings.

## **LITIGATION**

### **Florida Housing**

At the time of delivery of the Bonds, Florida Housing will deliver certificates to the effect that, to the knowledge of the authorized Florida Housing member and Assistant Secretary of Florida Housing, no litigation is pending or threatened against Florida Housing (i) to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued, or the pledge or application of any money or security provided for the payment of the Bonds, or (ii) which questions the validity of any of the Indenture, the Financing Agreement, the Regulatory Agreement or the Bonds.

### **The Borrower**

The Borrower represents that there is not now pending or, to the knowledge of the Borrower, threatened any proceeding or litigation against the Borrower affecting the ability of the Borrower to enter into or deliver the Financing Agreement or the Regulatory Agreement, seeking to restrain or enjoin the Borrower's execution and delivery of the agreements described in this Official Statement, or contesting the existence of powers of the Borrower with respect to the transactions described in this Official Statement.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the Trustee, Florida Housing 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, 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 the Regulatory Agreement both provide that the obligations of the Borrower contained in such agreements (other than certain obligations to Florida Housing and the Trustee individually and not on behalf of the Owners of the Bonds) will be limited obligations payable solely from the income and assets of the Borrower, and that no general or limited partner of the Borrower has 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 concurrently with the delivery of the Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Florida Housing and the Borrower have consented to the distribution of this Official Statement by the Underwriter to prospective purchasers of the Bonds.

The Indenture provides that, among other things, absent a Wrongful Dishonor, the Credit Provider itself or Bondholders owning not less than 51% 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.

The Assignment also assigns certain Assigned Rights to the Credit Provider which would permit it to direct virtually all remedial proceedings, absent a Wrongful Dishonor.

#### **CONTINUING DISCLOSURE**

Notwithstanding the initial exemption of the Bonds from operation of the Rule (as defined below) the Borrower, as required by Florida Housing, will be responsible for compliance with all continuing disclosure to Bondholders, pursuant to a Continuing Disclosure Agreement dated as of May 1, 2004 (the "Disclosure Agreement") with the Trustee, acting as the Dissemination Agent. The Disclosure Agreement obligates the Borrower to send, or cause to be sent, certain financial information with respect to the Development to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board and a state information repository, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). See "APPENDIX G -- FORM OF THE CONTINUING DISCLOSURE AGREEMENT" attached hereto.

#### **RATING**

It is expected that the Bonds will receive a rating of "A1+" from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (the "Rating Agency") based on the Letter of Credit. Any desired explanation of the significance of the rating should be obtained from the Rating Agency. Following Conversion, the Rating Agency may change the rating to reflect Fannie Mae's credit enhancement and liquidity support for the Bonds. Pursuant to the Continuing Disclosure Agreement, the Dissemination Agent has agreed to notify the NRMSIRS (as defined therein) of such rating change. Certain information and materials not included in this Official Statement were furnished to the Rating Agencies. Generally, rating agencies base their rating on the information and materials so furnished and on investigations, studies, and assumptions by the rating agencies. The rating is not a recommendation to buy, sell, or hold the Bonds. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating

agency originally establishing the rating, circumstances so warrant. Neither the Underwriter nor Florida Housing has undertaken responsibility either to bring to the attention of the Owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such a rating could have an adverse effect on the market price of the Bonds if an Owner attempts to sell the same.

## **UNDERWRITING**

RBC Dain Rauscher, Inc. (the "Underwriter") has agreed to purchase the Bonds at a price of 100% of the principal amount thereof and will be paid an underwriter's fee of \$74,264, inclusive of its legal fees and expenses. The Underwriter has agreed to purchase all of the Bonds, if any are purchased. 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.

## **MISCELLANEOUS**

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

**FLORIDA HOUSING FINANCE  
CORPORATION**

By: /s/ Orlando J. Cabrera  
Executive Director

## APPENDIX A

### SUMMARY OF CERTAIN DEFINITIONS

*The following summary of the definitions contained in the various documents entered into with respect to the Bonds is a summary only and does not purport to be a complete statement of the contents thereof. Reference is made to the full text of the documents herein described for the complete terms thereof.*

"Account" means an account established within a Fund.

"Act" means the Florida Housing Finance Corporation Act, as amended, Sections 420.501 et seq., Florida Statutes.

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

"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.

"Administrative Expenses" means the Florida Housing Fee, the Trustee's Annual Fee, the Florida Housing Servicer's Fee, the Rebate Analyst Fee, the Audit Expense, the Dissemination Agent's fee (if not part of the Trustee's Annual Fees) and any other fees or expenses (without duplication) payable by the Borrower to or at the direction of Florida Housing pursuant to the Indenture, the Financing Agreement or the Security Instrument; provided, however, the Administrative Expenses do not include Extraordinary Items or any fees or other amounts owed to the Credit Provider under the applicable Reimbursement Agreement or, after the Conversion Date, to the Loan Servicer.

"Advance" means an advance made under the Fannie Mae 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, and including any Substitute Letter of Credit), 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 and which satisfies the requirements of

the Indenture. Neither the Letter of Credit (including any extension or renewal of the Letter of Credit) nor the Fannie Mae Credit Facility or any Replacement Fannie Mae Credit Facility is an "Alternate Credit Facility."

"Alternate Credit Provider" means the provider of an Alternate Credit Facility. In its capacity as provider of the Fannie Mae Credit Facility, Fannie Mae is not an Alternate Credit Provider.

"Amortization Start Date" means the earlier of (i) the Conversion Date or the (ii) 15th day of the thirty-seventh (37<sup>th</sup>) month after the month in which the Closing Date occurs, which date is June 15, 2007.

"Amount Available" means (i) the "Stated Amount" (as defined in the Letter of Credit) during any period that the Letter of Credit is in effect; (ii) the "Amounts Available" (as defined in the Fannie Mae Credit Facility) during any period that the Fannie Mae Credit Facility is in effect, and (iii) the maximum amount available to be drawn upon an Alternate Credit Facility in accordance with its terms during any period that an Alternate Credit Facility is in effect.

"Arbitrage Certificate" means the Tax Compliance Certificate of Florida Housing, with the attachments and exhibits thereto, delivered by Florida Housing on the date of issuance of the Tax-Exempt Bonds, the Proceeds Certificate and the Rebate Agreement.

"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 Florida Housing, of the Bank and of the Trustee and, on and after the Conversion Date, of Fannie Mae, to such documents and rights as set forth in the Assignment.

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

"Assignment" means the Assignment of Mortgage and of Rights and Interests and Intercreditor Agreement, dated as of May 1, 2004, among Florida Housing, the Trustee and the Bank (and its successors and assigns), and acknowledged, accepted and agreed to by the Borrower, as it may be amended, supplemented or restated from time to time.

"Audit Expense" means that portion of the Florida Housing Fee attributable to auditing services with respect to the Bonds required by law, which audit expense shall be paid from the Florida Housing Fee to or at the direction of Florida Housing.

"Authorized Bank Representative" means any person from time to time designated to act on behalf of the Bank by written certificate furnished to (i) Florida Housing, (ii) the Trustee and (iii) prior to the Transition Date, the Loan Servicer and Fannie Mae. Such certificate must contain the specimen signature of the person authorized to act on behalf of the Bank by resolution or other appropriate action of the Board of Directors of the Bank or by its bylaws. Such resolution or other appropriate action may designate an alternate or alternates who shall have the same authority, duties and powers as the Authorized Bank Representative. The Trustee may conclusively presume that a person designated as an Authorized Bank Representative is an

Authorized Bank Representative in a written certificate filed with the Trustee until such time as the Bank files with the Trustee and with (i) Florida Housing and (ii) prior to the Transition Date, the Loan Servicer and Fannie Mae, a written certificate identifying a different person or persons to act in such capacity.

"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 (i) Florida Housing, (ii) the Trustee, (iii) the Loan Servicer and Fannie Mae (prior to the Transition Date), and (iv) prior to the Conversion Date and from after the Transition Date, the Bank or the Alternate Credit Provider, as applicable. Such certificate must contain the specimen signature of the person authorized to act on behalf of the Borrower and be 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 as an Authorized Borrower Representative in a written certificate filed with the Trustee is an Authorized Borrower Representative until such time as the Borrower files with the Trustee (with a copy to (i) Florida Housing, (ii) the Loan Servicer and Fannie Mae (prior to the Transition Date), and (iii) prior to the Conversion Date and from and after the Transition Date, the Bank or the Alternate Credit Provider, as applicable) a written certificate revoking such authority and identifying a different person or persons to act in such capacity.

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

"Authorized Officer" means the chairperson, vice chairperson, any member, executive director, chief financial officer, general counsel, secretary and any other officer or employee of Florida Housing designated by certificate of any of the foregoing as authorized by Florida Housing 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 (i) the proceeds of the Bonds, (ii) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, Florida Housing, any Affiliate of either the Borrower or Florida Housing or any guarantor of the Loan) that have not been commingled with other funds that do not constitute Available Moneys, (iii) moneys received by the Trustee pursuant to an Advance (or a Draw, as the case may be) under the Credit Facility that have not been commingled with other funds that do not constitute Available Moneys, (iv) any other amounts, including the proceeds of refunding bonds, for which, in each case, the Trustee has received an Opinion of Counsel acceptable to the 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 Florida Housing or the Borrower become a debtor in

proceedings commenced under the Bankruptcy Code, (v) moneys paid by the Credit Provider for the purchase of Bonds in lieu of redemption pursuant to the Indenture and (vi) Investment Income derived from the investment of moneys described in clauses (i), (ii), (iii), (iv) or (v).

"Bank" means Bank of America, N.A., provided that at any time that an Alternate Credit Facility is in effect prior to the Conversion Date, each reference to the "Bank" shall, prior to the Conversion Date, mean the Alternate Credit Provider which provided such Alternate Credit Facility.

"Bank Assignment" means the Assignment of Mortgage and of Rights and Interests, dated as of the Conversion Date, from the Bank to Fannie Mae, and acknowledged and agreed to by the Borrower and the Trustee, as it may be amended, supplemented or restated from time to time; the Bank Assignment shall be in substantially the form of Exhibit E to the Conversion Agreement, with such changes as shall be approved or required by Fannie Mae.

"Bank Documents" means, individually and collectively, the Conversion Agreement, the Letter of Credit, the Bank Reimbursement Agreement, the Bank Pledge Agreement and all other documents evidencing, securing or otherwise relating to the Letter of Credit, including all amendments, supplements and restatements of such documents.

"Bank Pledge Agreement" means the Bond Pledge and Security Agreement as such agreement may be amended, modified, or restated from time to time, or if an alternate Credit Facility is in effect, any pledge agreement associated with such Alternate Credit Facility.

"Bank Reimbursement Agreement" means the Reimbursement and Security Agreement, dated as of May 1, 2004, between the Borrower and the Bank, as such agreement may be amended, modified, or restated from time to time, or if an Alternate Credit Facility is in effect, any reimbursement agreement associated with such Alternate Credit Facility.

"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 Counsel" means (i) on the Closing Date, Greenberg Traurig, P.A., and Edwards & Castarphen, or (ii) after the Closing Date, any law firm selected by Florida Housing of nationally recognized standing in matters pertaining to the excludability from gross income for federal income tax purposes of the interest payable on bonds issued by states and political subdivisions.

"Bond Documents" means the Assignment, the Bonds, the Bond Purchase Agreement, the Credit Facility, the Disclosure Agreement, if any, the Financing Agreement, the Indenture,

the Regulatory Agreement (and any other agreement relating to rental restrictions on the Mortgaged Property), the Remarketing Agreement, the Rebate Agreement, the Tax Certificate, any Tender Agent Agreement, the Bank Assignment, if applicable, 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 document, agreement or instrument may be amended, supplemented or restated from time to time. Any Forward Commitment Deposit Fee Instrument (as that term is defined in the Fannie Mae Reimbursement Agreement) is not a Bond Document.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated May 6, 2004, among the Underwriter, Florida Housing and the Borrower.

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

"Bond Resolution" means, collectively, the Resolutions adopted by Florida Housing on December 12, 2003, determining its intent to finance the acquisition and rehabilitation of the Development through the issuance of its revenue bonds, and on April 2, 2004, authorizing and approving the issuance and sale of the Bonds and the execution and delivery of the Assignment, the Disclosure Agreement, the Financing Agreement, the Indenture, the Loan Documents, the Regulatory Agreement, the Rebate Agreement 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 registered 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 The Arlington LP, a Georgia limited partnership, doing business in the State of Florida as Arlington Bencor LP, a Florida limited partnership, and its permitted successors and assigns.

"Borrower Documents" means the Bond Documents to which the Borrower is a party, the Credit Facility Documents to which the Borrower is a party, the Bank 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 Transaction Documents. Any Forward Commitment Deposit Fee

Instrument (as that term is defined in the Fannie Mae Reimbursement Agreement) is not a Borrower Document.

"Borrower's Costs of Issuance" means all fees, costs and expenses (other than Florida Housing's Costs of Issuance) incurred in connection with the issuance of the Bonds, the extension of the Loan and the provision of credit enhancement by the Credit Provider (other than ongoing credit enhancement fees) or any other person.

"Borrower's Costs of Issuance Account" means the account by that name in the Costs of Issuance Fund created and established pursuant to the Indenture.

"Borrower Equity Subaccount" means the subaccount by that name created and established within the Project Account of the Loan Fund pursuant to the Indenture.

"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 of the Trustee or the Remarketing Agent is located are required or authorized by law or executive order to close, (iv) prior to the Fixed Rate Adjustment Date, a day on which the New York Stock Exchange is closed, (v) on or after the Conversion Date, a day on which banking institutions located in the city in which the Designated Office of the Loan Servicer is located are required or authorized by law or executive order to close or (vi) so long as a Credit Facility is in effect, one of the following: (A) prior to the Conversion Date and from and after the Transition Date, any date on which the office of the Credit Provider responsible for making payments under the Letter of Credit or the office of the Alternate Credit Facility Provider responsible for making payments under any Alternate Credit Facility is closed or (B) from and after the Conversion Date, any day on which the Credit Provider is closed.

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

"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; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final or temporary 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 or temporary under such provision or successor provision.

"Compliance Monitoring Agreement" means the Compliance Monitoring Agreement, dated as of May 1, 2004, among Florida Housing, the Florida Housing Servicer, the Trustee and the Borrower, as amended, supplemented or restated from time to time.

"Conditional Redemption" means a redemption with respect to which a notice of redemption has been given to Bondholders and in which notice the Trustee has stated that the redemption is conditional upon a deposit of funds as further described in the Indenture.

"Construction Phase" has the meaning given to that term in the Conversion Agreement.

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

"Conversion Agreement" means the Conversion Agreement, dated as of May 1, 2004, by and among Fannie Mae, the Loan Servicer and the Bank and acknowledged, accepted and agreed to by the Borrower, as such agreement may be amended, supplemented or restated from time to time.

"Conversion Date" means the date of Conversion of the Loan pursuant to the terms and conditions of the Conversion Agreement.

"Costs" means, to the extent described as "development costs" in Section 420.503(13), Florida Statutes, the costs chargeable to the Mortgaged Property in accordance with generally accepted accounting principles.

"Costs of Issuance" means:

(a) the fees, costs and expenses (excluding ongoing fees, costs or expenses) of (i) Florida Housing, Florida Housing's counsel, the Florida Housing Servicer and Florida Housing'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 Bank (excluding Letter of Credit Fees) and the Bank's counsel, (vii) Fannie Mae and Fannie Mae's counsel, (viii) the Borrower's counsel and the Borrower's financial advisor, if any, and (ix) the Rating Agency; and

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

(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 Bank, the Loan Servicer and Fannie Mae 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, as required by the Financing Agreement, to be deposited into the Costs of Issuance Fund and applied to pay Costs of Issuance.

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

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

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

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

"Development" means the 288-unit multifamily residential rental development located in Jacksonville, Duval County, Florida

"Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of May 1, 2004, between the Borrower and the Trustee.

"Dissemination Agent" means, initially, the Trustee, and thereafter any other person or entity serving as such under the Disclosure Agreement.

"Draw" means a payment under the Letter of Credit or any Alternate Credit Facility.

"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.

"Excluded Bonds" means, collectively, any Bonds which are not Outstanding and any Bonds which at any time constitute Pledged Bonds or Obligor Bonds.

"Extension Date" means, with respect to the Letter of Credit or any Alternate Credit Facility, the date which is five (5) Business Days prior to the expiration date of the Letter of Credit or the Alternate Credit Facility, as applicable.

"Extraordinary Items" means, with respect to Florida Housing, indemnification and reimbursement for reasonable extraordinary costs and expenses, including legal fees and expenses, and 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 counsel to the Trustee.

"Facility Fee" shall have the meaning given to that term in the Fannie Mae Reimbursement Agreement.

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

"Fannie Mae Commitment" means Fannie Mae's Commitment to the Loan Servicer, dated April 30, 2004, pursuant to which Fannie Mae has agreed, upon satisfaction of the terms and conditions set forth in the Fannie Mae Commitment, to provide credit enhancement and liquidity support for the Bonds effective as of the Conversion Date.

"Fannie Mae Credit Facility" means, from and after the Conversion Date, the Direct Pay Irrevocable Transferable Credit Enhancement Instrument, dated the Conversion Date, issued by Fannie Mae to the Trustee, as such facility may be amended, supplemented or restated from time to time; the Fannie Mae Credit Facility shall be in substantially the form of Exhibit T to the Conversion Agreement, with such changes as shall be required by Fannie Mae or the Rating Agency (in order to achieve a rating on the Bonds in the Highest Rating Category of such Rating Agency).

"Fannie Mae Hedge Reserve Escrow Account and Security Agreement" means, from and after the Conversion Date, the Hedge Reserve Escrow Account and Security Agreement, dated as of the Conversion Date; among the Borrower, the Loan Servicer and Fannie Mae; the Fannie Mae Hedge Reserve Escrow Account and Security Agreement shall be in substantially the form of Exhibit J to the Conversion Agreement, with such changes as shall be approved or required by Fannie Mae.

"Fannie Mae Hedge Security Agreement" means, from and after the Conversion Date, the Hedge Security Agreement, dated as of the Conversion Date, among the Borrower, the Loan Servicer and Fannie Mae; the Fannie Mae Hedge Security Agreement shall be in substantially the form of Exhibit I to the Conversion Agreement, with such changes as shall be approved or required by Fannie Mae.

"Fannie Mae Operating Reserve and Security Agreement" means, from and after the Conversion Date, if applicable, the Operating Reserve and Security Agreement, dated as of the Conversion Date, if applicable, among the Borrower, the Loan Servicer and the Credit Provider, as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor; the Fannie Mae Operating Reserve and Security Agreement shall be substantially in the form of Exhibit R to the Conversion Agreement, with such changes as shall be approved by Fannie Mae.

"Fannie Mae Pledge Agreement" means, from and after the Conversion Date, the Amended and Restated Pledged Bonds, Custody and Security Agreement, dated as of the Conversion Date, among the Borrower, Wells Fargo Bank, National Association, as collateral agent for Fannie Mae, and Fannie Mae, as such agreement may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor; the Fannie Mae Pledge Agreement shall be in substantially the form of Exhibit K to the Conversion Agreement, with such changes as shall be approved or required by Fannie Mae.

"Fannie Mae Reimbursement Agreement" means, from and after the Conversion Date, the Amended and Restated Reimbursement Agreement, dated as of the Conversion Date, between Fannie Mae and the Borrower, as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor; the Fannie Mae Reimbursement Agreement shall be substantially in the form of Exhibit H to the Conversion Agreement, with such changes as shall be approved or required by Fannie Mae.

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

"Fees and Expenses" means the fees, advances, out of pocket expenses, costs and other charges payable by the Borrower from time to time pursuant to the Financing Agreement.

"Final Conditions to Conversion" has the meaning given to that term in the Conversion Agreement.

"Final Notice of Conversion" means a written notice by the Loan Servicer to Florida Housing, the Trustee, the Borrower, the Remarketing Agent, the Bank (if the Letter of Credit is in effect) or the Alternate Credit Provider (if an Alternate Credit Facility is in effect prior to the Conversion Date), as applicable, and Fannie Mae given on or before the Termination Date (i) stating that each of the Final Conditions to Conversion has been satisfied on or before the Termination Date or, if any Final Condition to Conversion has not been satisfied on or before the Termination Date, has been waived in writing by Fannie Mae (provided that the requirement of a new rating letter from the Rating Agency may not be waived) on or before the Termination Date, (ii) specifying or confirming the Conversion Date and (iii) providing the Schedule of Deposits to the Principal Reserve Fund provided for in the Fannie Mae Reimbursement Agreement.

"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.

"Florida Housing's Costs of Issuance" means the fees, costs and expenses incurred in connection with the issuance of the Bonds, as described in the Loan Commitment.

"Florida Housing's Costs of Issuance Account" means the account by that name in the Costs of Issuance Fund created and established pursuant to the Indenture

"Florida Housing Documents" means the Assignment, Florida Housing's endorsement of the Note, the Bonds, the Financing Agreement, the Indenture, the Rebate Agreement, the Loan Documents to which Florida Housing is a party, the Mortgage Servicing Agreement, the Financial Monitoring Agreement, the Compliance Monitoring Agreement, the Regulatory Agreement and the Arbitrage Certificate.

"Florida Housing Fee" means the program administration fee owed to Florida Housing from the Borrower, accruing from the date of issuance of the Bonds, equal to 37 basis points (.37%) per annum of the aggregate principal amount of Bonds as of the date of issuance and the aggregate principal amount of Bonds which have not been paid at maturity or been redeemed as of each January 15 and July 15 thereafter (prior to any principal reduction on that date), which includes the amounts stated in subparts (a) and (d) of the definition of Trustee's Fees, the Audit Expense, the Rebate Analyst's Fee and the amounts stated in subpart (b) of the definition of Florida Housing Servicer's Fee, payable to Florida Housing semiannually in arrears on each January 15 and July 15, commencing July 15, 2004 (subject to proration and an aggregate annual minimum fee of \$15,000); provided, however, that such fee shall be subject to adjustment in the event of an increase in the fees payable to the Trustee, the Florida Housing Servicer for compliance or financial monitoring, the auditor or the Rebate Analyst; and provided, further, that such fee does not include amounts due, if any, for indemnification, extraordinary services and expenses of Florida Housing, the Trustee, the Florida Housing Servicer, Bond Counsel, Special Counsel to Florida Housing or the Trustee's counsel to be paid by the Borrower pursuant to the Financing Agreement.

"Florida Housing Servicer" means AmeriNational Community Services, Inc., and its successors and assigns acting on behalf of Florida Housing to originate and service the Loan on behalf of Florida Housing and monitor the Development.

"Florida Housing Servicer's Fee" means the following fees and expenses: (a) payable directly by the Borrower to the Florida Housing: (i) during construction of the Development, an on-site inspection fee \$130 per hour for services rendered, but not in excess of \$1,350 per disbursement, (ii) during construction of the Development, an in-house review fee of \$135 per hour for services rendered, not to exceed \$1,662 per disbursement, and (iii) a fee for (A) extraordinary services rendered after completion of underwriting and up to the later of (x) the date of issuance of the Bonds or (y) the first disbursement for construction, and (B) for extraordinary services provided after Development completion, of \$135 per hour, and (b) the annual compensation payable to the Florida Housing Servicer from the Florida Housing Fee and deposited in the Fees Account (or credited to the Florida Housing Servicer) in an amount equal to .078% per annum of the Outstanding principal amount of the Bonds as of each January 15 and July 15, which shall include .04% per annum for compliance monitoring (subject to an annual minimum compliance monitoring fee of \$2,181), .015% per annum for financial monitoring

(subject to an annual minimum financial monitoring fee of \$1,558) and .023% per annum for permanent servicing (subject to an annual minimum permanent servicing fee of \$2,865) payable in equal installments of one-half (½) of such amount on each January 15 and July 15, commencing on the first January 15 or July 15 following the issuance of the first certificate of occupancy on any unit in the Development.

"Fund" means any fund created by the Indenture.

"General Partner" means Arlington Management LLC, a Georgia limited liability company.

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

"Highest Rating Category" has, with respect to an Investment, the following meanings: If the Bonds are rated by a Rating Agency, the term "Highest Rating Category" means, with respect to an Investment, that the Investment is rated by each Rating Agency in the highest rating 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.

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

"Interest Payment Date" means (i) during any Weekly Variable Rate Period, the 15th day of each calendar month commencing May 15, 2004; (ii) during any Reset Period and during the Fixed Rate Period each January 15 and July 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; (iii) each Adjustment Date; (iv) for Bonds subject to redemption in whole or in part on any date, the date of such redemption, (v) the Maturity Date and (vi) for all Bonds any date determined pursuant to the Indenture.

"Interest Requirement" means (i) during the Weekly Variable Rate Period, 34 days interest on the Bonds (other than Excluded 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 (ii) during a Reset Period or the Fixed Rate Period, 210 days interest on the Bonds (other than Excluded Bonds) 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 (i) or (ii), such other number of days as may be required by the Rating Agency in writing.

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

"Investment Agreement" means a Permitted Investment described in paragraph (g) of the definition of the term "Permitted Investments."

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

"Land Use Restriction Agreement" means the Land Use Restriction Agreement relating to the Development, dated May 7, 2004, by and among Florida Housing, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

"Letter of Credit" means irrevocable Letter of Credit No. 3063034 issued and delivered by the Bank on the Closing Date, for the benefit of the Trustee, to provide credit enhancement and liquidity support for the Bonds, any amendment, modification, or restatement of such letter of credit, any replacement letter of credit, any confirming letter or credit and any renewal(s) or extension(s) of any such letter of credit; and, upon the expiration or termination of the Letter of Credit and the issuance and delivery of a Substitute Letter of Credit which meets the requirements of a Credit Facility under the Indenture, "Letter of Credit" shall mean the Substitute Letter of Credit. At such time as an Alternate Credit Facility is in effect, each reference to the Letter of Credit shall mean such Alternate Credit Facility.

"Letter of Credit Expiration Date" means, initially, August 1, 2007, a date which is not less than 5 days following the Outside Conversion Date, as determined without regard to any extension.

"LIBOR" has the meaning given to the term "USD LIBOR-BBA" in the 1992 ISA U.S. Municipal Counterparty Definitions, as published by the International Swap and Derivatives Associations, Inc.

"Liquidity Commitment" means the obligation of Fannie Mae to honor from time to time a request of the Trustee under the Credit Facility to make a Liquidity Advance (as that term is defined in the Credit Facility). The Liquidity Commitment shall automatically expire on the Liquidity Expiration Date.

"Liquidity Expiration Date" has the meaning given that term in Section 8(a) of the Credit Facility, subject to Sections 8(b) and (c) of the Credit Facility. The Liquidity Expiration Date

may be extended from time to time in accordance with Section 2.2(a) or (d) of the Reimbursement Agreement.

"Loan" means the loan made by Florida Housing to the Borrower pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to finance costs of the acquisition, rehabilitation and equipping of the Mortgaged Property.

"Loan Commitment" means the Florida Housing Finance Corporation Loan Commitment for The Arlington Apartments, dated April 26, 2004 from Florida Housing to the Borrower, accepted and agreed to by the Borrower.

"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. None of the Loan Commitment, the Mortgage Servicing Agreement, the Compliance Monitoring Agreement or the Financial Monitoring Agreement is a Loan Document and none is secured by the Security Instrument.

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

"Loan Servicer" means the multifamily mortgage loan servicer designated from time to time by Fannie Mae. The initial Loan Servicer is CWCapital, LLC, a Massachusetts limited liability company.

"Low-Income Tenants" means individuals or families whose incomes do not exceed 60% of the area median gross income, adjusted for family size, as determined by Section 142(d) of the Code, for the County. In no event, however, shall occupants of a dwelling unit be considered to be of low income if all the occupants are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint federal income tax return. If, upon any recertification, such tenant's gross income exceeds 140% of the applicable income limit for a Low-Income Tenant of the same family size, such tenant shall cease to qualify as a Low-Income Tenant. Notwithstanding the foregoing, so long as the next vacant unit of comparable or smaller size is rented to a Low-Income Tenant, the fact that such tenant's gross income exceeds 140% of the applicable income limit shall not place the Development in non-compliance. Said income requirements shall be adjusted for family size in accordance with income limits published, from time to time, by HUD. The method of determining low income in effect at the date of issuance of the Bonds shall be determinative, even if such method is subsequently changed.

"Mandatory Tender Date" means any date on which Bonds are required to be tendered pursuant to the Indenture, including any Adjustment Date (further including any proposed Adjustment Date), Substitution Date (further including any proposed Substitution Date), Extension Date (on or prior to which the Trustee has not been furnished with an extension of the Credit Facility then in effect), Liquidity Expiration Date or date specified by the Trustee as provided in the Indenture.

"Maximum Rate" means twelve percent (12%) per annum; provided, however, that the Maximum Rate may be increased if the Trustee receives (i) the written consent of Florida Housing, 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, (ii) 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 Tax Exempt Bonds from gross income for federal income tax purposes, and (iii) a new or amended Credit Facility in an amount equal to the sum of (A) the then outstanding principal amount of the Bonds and (B) 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.

"Mortgage Servicing Agreement" means the Construction Loan and Mortgage Servicing Agreement, dated as of May 1, 2004, among Florida Housing, the Trustee, the Florida Housing Servicer, the Bank and the Borrower, as the same may be amended, modified, supplemented or restated from time to time.

"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), dated as of May 1, 2004, executed by the Borrower in favor of Florida Housing, evidencing the Loan, as it may be amended, supplemented or restated from time to time or any 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.

"Obligor Bond" means any Bond registered in the name or held for the account of Florida Housing, any Affiliate of Florida Housing, the Borrower, any Affiliate of the Borrower, or any guarantor or any Affiliate of any guarantor.

"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 must be an attorney or firm of attorneys experienced in such matters.

"Outside Conversion Date" has the meaning given that term in the Conversion Agreement.

"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, Excluded Bonds shall be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are Excluded Bonds. In determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which are known by the Trustee to be Excluded Bonds shall be disregarded.

"Permanent Phase" has the meaning given to that term in the Conversion Agreement.

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

- (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 the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Credit Provider; and provided further that such agreement includes the following restrictions:

(1) the invested funds are available for withdrawal without penalty or premium, at any time that (i) the Trustee is required to pay moneys from the Fund(s) established under the Indenture to which the agreement is applicable, or (ii) 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;

(2) 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;

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

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within ten (10) days, either: (i) 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, (ii) 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 (iii) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the downgraded provider may elect which of the remedies to the downgrade (other than the remedy set out in (ii)) to perform.

Notwithstanding anything else in this paragraph (g) to the contrary and with respect only to any agreement described in this paragraph or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this paragraph to the "Second Highest Rating Category" will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAm-G or AAAm by S&P or Aaa by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Credit Provider, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAm-G or AAAm by S&P, if S&P is a Rating Agency, or Aaa by Moody's, if Moody's is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAm-G or AAAm by S&P or Aaa by Moody's. If at any time (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.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Credit Provider.

Permitted Investments shall not include any of the following:

(1) 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 (1) 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 paragraph (g) and, if applicable, paragraph (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.

(9) Any investment to which S&P has added an 'Y' 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 (i) prior to the Conversion Date and from and after the Transition Date, the Bank Pledge Agreement, (ii) from and after the Conversion Date, the Fannie Mae Pledge Agreement and (iii) at such time as an Alternate Credit Facility is in effect any pledge agreement between the Borrower and the Alternate Credit Provider.

"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 a Draw under the Letter of Credit, an Advance under the Credit Facility or Draw under an Alternate Credit Facility, as applicable, to, but excluding, the date on which the amount of the Draw or Advance (a Liquidity Advance (as defined in the Fannie Mae Credit Facility) Advance under the Fannie Mae Credit Facility) made by the Credit Provider on account of such Pledged Bond is reinstated under the Credit Facility.

"Pre-Conversion Loan Equalization Payment" has the meaning given to that term in the Note.

"Principal Amount" means \$11,340,000 with respect to the Tax Exempt Bonds and \$235,000 with respect to the Taxable Bonds, \$11,575,000 in the aggregate, the original principal amount of the Bonds on the Closing Date.

"Principal Reserve Fund" means the Principal Reserve Fund created by the Indenture.

"Principal Reserve Schedule" means, prior to the Conversion Date and from and after the Transition Date, the Schedule of Deposits to Principal Reserve Fund attached to the Note furnished by the Bank or any Alternate Credit Provider to the Trustee, and from and after the Conversion Date, the Schedule of Deposits to the Principal Reserve Fund attached to the Fannie Mae Reimbursement Agreement, as such schedule may be amended, supplemented or restated from time to time.

"Proceeds Certificate" means the Proceeds Certificate of Borrower, delivered by an Authorized Borrower Representative on behalf of the Borrower, on the date of issuance of the Tax Exempt Bonds.

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

"Qualified Financial Institution" means any: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Credit Provider the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to the 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.

"Qualified Project Costs" means actual Costs which (i) are incurred after the date which is 60 days prior to December 12, 2003, (the date on which Florida Housing acknowledged its intent to finance the Development with tax-exempt bonds), and (ii) are (A) chargeable to the Development's capital account or would be so chargeable either with a proper election by the Borrower or, but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), are or would have been deducted only through an allowance for depreciation, (B) made for the acquisition of existing property, to the extent allowed in Section 147(d) of the Code, and (iii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code.

"Qualified Project Period" means that period beginning on the later of the first day on which at least ten percent (10%) of the units in the Development are first occupied or the date the Bonds are issued and ending on the later of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Development are first occupied, or (ii) the first day on which no tax-exempt private activity bond (as that term is defined in Section 142(d)(2) of the Code) issued with respect to the Development remains outstanding; or (iii) the date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates. Notwithstanding the Code requirements, the Qualified Project Period shall be extended to the date that is fifty (50) years from the first day on which at least fifty percent (50%) of the units in the Property are initially occupied or from the delivery date of the Bonds, whichever is later.

"Rate Determination Date" means (i) 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, that upon any adjustment to the Weekly Variable Rate Mode from a Reset Rate, the first Rate Determination Date shall be the Business Day prior to the Adjustment Date, and (ii) 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 Agreement" means the Arbitrage Rebate Agreement with respect to the Tax Exempt Bonds executed and delivered by Florida Housing, the Trustee and the Borrower on the date of issuance of the Tax Exempt Bonds, as the same may be amended and/or supplemented.

"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 Florida Housing and (iii) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

"Rebate Analyst Fee" means the annual continuing fee of the Rebate Analyst, to be paid to or at the direction of Florida Housing out of the Florida Housing Fee.

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

"Record Date" means, with respect to any Interest Payment Date, (i) if the Bonds bear interest at the Weekly Variable Rate, the Business Day before the Interest Payment Date and (ii) 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 Land Use Restriction Agreement.

"Reimbursement Agreement" means (i) prior to the Conversion Date and from and after the Transition Date, the Bank Reimbursement Agreement, (ii) from and after the Conversion Date, the Fannie Mae Reimbursement Agreement and (iii) at such time as an Alternate Credit Facility is in effect, any reimbursement agreement between the Borrower and the Alternate Credit Provider.

"Remarketing Agent" means RBC Dain Rauscher, Inc., or any successor as Remarketing Agent designated in accordance with the Indenture.

"Remarketing Agent's Fee" means the continuing fee of the Remarketing Agent for its remarketing services.

"Remarketing Agreement" means the Remarketing Agreement, dated as of May 1, 2004, by and among Florida Housing, the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Remarketing Expenses" means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, Florida Housing and its counsel, the Loan Servicer and its counsel, the Credit Provider and its counsel and Bond Counsel in connection with the remarketing of any Bonds, including Bond printing and registration costs, cost of funds advanced by any of the foregoing parties, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds.

"Remarketing Notice Parties" means the Borrower, Florida Housing, the Trustee, the Tender Agent, the Remarketing Agent, and prior to the Conversion Date and from and after the Transition Date, the Bank, and from and after the Conversion Date, Fannie Mae and the Loan Servicer.

"Replacement Reserve and Security Agreement" means the Replacement Reserve and Security Agreement, dated as of the Conversion Date, between the Borrower and Fannie Mae.

"Replacement Reserve Fund" means the Replacement Reserve Fund created by the Indenture.

"Replacement Reserve Fund Requirement" means a minimum of \$250 per year, per unit of the Development, payable one-twelfth (1/12) each month (after giving credit for the amount, if any, to be escrowed on the Closing Date), pursuant to the Indenture and the Financing Agreement commencing on the earliest to occur of (i) the first day of the month following the month in which the Conversion Date occurs, (ii) the first day of the month following the month in which occupancy of 90% of the units in the Development occurs (as determined by the Florida Housing Servicer), or (iii) the Amortization Start Date, subject to increase at the direction of (A)

the Florida Housing Servicer (1) prior to the Conversion Date, with the prior written consent of the Bank and the Loan Servicer or, (2) from and after the Transition Date, with the prior written consent of the Bank, or (3) from and after the Conversion Date, with the prior written consent of the Loan Servicer or, (B) the Bank, from and after the Transition Date, with the prior written consent of the Florida Housing Servicer or (C) the Loan Servicer, from and after the Conversion Date with the prior written consent of the Florida Housing Servicer, based in each case upon a physical needs assessment requested by the Florida Housing Servicer or the Loan Servicer.

"Requisition" means, with respect to (i) the Loan Fund, a requisition in the form of Exhibit B to the Indenture required to be submitted in connection with disbursements from the Loan Fund, (ii) the Costs of Issuance Fund, a requisition in the applicable form of Exhibit C-1 or Exhibit C-2 to the Indenture required to be submitted in connection with disbursements from an Account of the Costs of Issuance Fund and (iii) the Replacement Reserve Fund, a requisition in the form of Exhibit D to the Indenture required to be submitted in connection with disbursements from the Replacement Reserve Fund.

"Reserved Rights" means those certain rights of Florida Housing under the Financing Agreement and the other Borrower Documents (excluding the Credit Facility Documents) to indemnification and to payment or reimbursement of fees and expenses of Florida Housing, including the Florida Housing Fee as well as the fees and expenses of counsel (including Bond Counsel), assumption fees and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Mortgaged Property, its right to legal fees and related expenses, its right to specifically enforce the terms of the Land Use Restriction Agreement including the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of Florida Housing thereunder), its rights to approve or withhold approval of disbursements from the Loan Fund through the Florida Housing Servicer or any other rights to approve construction disbursements under the Borrower Documents, its right to receive notices and reports under the Bond Documents, and its right to give or withhold consent to amendments, changes, modifications and alterations to the Indenture, the other Bond Documents to which Florida Housing is a party and such other matters where, under the Indenture or under any other Bond Document, Florida Housing's consent or approval is required.

"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 ten 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 by the Indenture.

"Revenues" means all (i) payments made under the Credit Facility other than an Advance by Fannie Mae to pay the Florida Housing Fee, (ii) Investment Income (excluding Investment Income earned on moneys on deposit in the Principal Reserve Fund, the Rebate Fund, the Costs of Issuance Fund, the Replacement Reserve Fund and the Tax and Insurance Escrow Fund) and (iii) payments made under the Note.

"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.

"Second Highest Rating Category" means with respect to an Investment, that the Investment is rated by each Rating Agency in the second 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 "Second Highest Rating Category" means, with respect to an Investment, that the Investment is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa." 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 Second Highest Rating Category, then such Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

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

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

"Security Instrument" means the Multifamily Mortgage, Assignment of Rents and Security Agreement, dated as of May 1, 2004, together with all riders and exhibits, securing the Note and the obligations of the Borrower (i) prior to the Conversion Date and from and after the Transition Date, to the Bank under the Bank Documents, and (ii) from and after the Conversion Date, to Fannie Mae under the Credit Facility Documents in effect from and after the Conversion Date, 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.

"Series" means, individually or collectively, as the context shall require, the Tax-Exempt Bonds and/or the Taxable Bonds.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by Florida Housing on a single future date for the redemption of Outstanding

Bonds which mature after such future date, but excluding any amount payable by Florida Housing by reason of the maturity of a Bond or by optional redemption of a Bond.

"Sinking Fund Payment Date" means any date on which any Bond 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.

"State" means the State of Florida.

"Substitute Letter of Credit" means an irrevocable letter of credit (i) having the characteristics of a "credit" or "letter of credit" set forth in Section 5-103 of the UCC (or the equivalent thereof in the jurisdiction which governs such letter of credit) except that a letter of credit (A) may not be revocable and (B) may be issued only by (1) a national bank, (2) any banking institution organized under the laws of any state, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the state or territorial banking commission or similar officials or (3) a branch or agency of a foreign bank, provided that the nature and extent of federal and/or state regulation and the supervision of the particular branch or agency is substantially equivalent to that applicable to federal or state chartered domestic banks doing business in the same jurisdiction; and (ii) which meets the requirements of a Credit Facility under the Indenture.

"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 (i) an Interest Payment Date during a Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period and (ii) a date on which the Credit Facility for which substitution is being made is available to be accessed or drawn upon. Neither the Conversion Date nor the Transition Date is a Substitution Date. An extension of any Extension Date by reason of the extension of a Credit Facility is not a Substitution Date.

"Tax and Insurance Escrow Fund" means the Tax and Insurance Escrow Fund created by the Indenture.

"Tax Certificate" means collectively, the Arbitrage Certificate, executed and delivered by Florida Housing on the Closing Date the Proceeds Certificate and the Rebate Agreement, and each as amended, supplemented or restated from time to time.

"Tender Agent" means the Tender Agent named in the Indenture or its successor as Tender Agent under the Indenture named in accordance with the provisions of the Indenture.

"Tender Agent Agreement" means any Tender Agent Agreement entered into by Florida Housing, the Trustee and the Tender Agent in the event that the Trustee does not serve as Tender

Agent under this Indenture, as such agreement may be amended, supplemented or restated from time to time.

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

"Tendered Bond" means any Bond which has been tendered for purchase pursuant to the Indenture.

"Termination Date" has the meaning given to that term in the Conversion Agreement

"Third Party Fees" means the Florida Housing Fee (including the Rebate Analyst Fee, the Florida Housing Servicer's Fee, the Trustee's Annual Fee and the Dissemination Agent's fee to the extent payable from the Florida Housing Fee). Neither the Fees and Expenses nor the Facility Fee is a Third Party Fee.

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

"Transition Date" means the day following the Termination Date if the Final Conditions to Conversion are not satisfied on or before the Termination Date.

"Trustee" means Wells Fargo Bank, National Association, a national banking association with trust powers organized and existing 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 portion of the Florida Housing Fee allocable to the annual ongoing trust administration fee of the Trustee equal to 3.25 basis points (.0325%) per annum of the principal amount of Bonds Outstanding on each January 15 and July 15 (subject to an annual minimum amount of \$4,000), payable to the Trustee semiannually in arrears on each January 15 and July 15, commencing July 15, 2004.

"Trustee's Fees" means the ongoing compensation and expenses payable to the Trustee as follows:

(a) the Trustee's Annual Fee;

(b) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture as and when the same become due, including reasonable counsel fees (including fees prior to litigation, at trial or for appellate proceedings); provided, that such fees and charges are pre-approved by the Credit Provider (unless a Wrongful Dishonor has occurred and is continuing); and provided, further, that the Trustee shall not be required to undertake any

such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Trustee shall have been made;

(c) for purposes of the Financing Agreement, indemnification of the Trustee by the Borrower; and

(d) the annual fee of the Trustee, as Dissemination Agent, which is included as part of Florida Housing Fee and shall be \$250 per year.

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

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

(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 Tuesday;

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

(d) the final Week will begin on a Wednesday 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 7 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 pay a Draw or make an Advance, as applicable, to the Trustee upon proper presentation of documents required by, and which conform to, the terms and conditions of the Credit Facility then in effect.

**APPENDIX B**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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

**Authorized Amount of Bonds**

The total principal amount of Bonds that may be issued and outstanding under the Indenture is expressly limited to the Principal Amount.

**Credit Facility Requirement**

While the Bonds bear interest at the Weekly Variable Rate or at a Reset Rate, one or more Credit Facilities providing credit support for the Loan or the Bonds (other than Excluded Bonds) and liquidity support for the Bonds (other than Excluded Bonds) must be in effect. Each Credit Facility shall satisfy the following requirements:

- (a) the Credit Facility shall be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the Interest Requirement;
- (b) the Credit Facility shall provide for payment in immediately available funds to the Trustee, upon receipt of the Trustee's request for such payment with respect to any Interest Payment Date, purchase date (if applicable) or redemption date pursuant to the Indenture;
- (c) if the Credit Facility is provided to secure Bonds during a Reset Period, the Credit Facility shall provide an expiration date no earlier than the earliest of (i) the day following the Adjustment Date immediately succeeding the Reset Period; (ii) ten days after the Trustee receives notice from the Credit Provider of an Event of Default under the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (iii) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; and (iv) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Credit Facility;
- (d) unless waived by Florida Housing in its sole discretion, the Credit Facility shall result in the Bonds receiving a short-term rating in the highest rating category of each Rating Agency or a long-term rating in one of the three highest rating categories of each Rating Agency, or both, as applicable for the Mode then in effect;
- (e) if the Credit Facility in effect is an Alternate Credit Facility, the Credit Facility satisfies certain other requirements of the Indenture;
- (f) the Credit Provider issuing the Credit Facility shall deliver to the Trustee, on or before to the effective date of the Credit Facility (i) an Opinion of Counsel to the Credit Provider

issuing the Credit Facility, in form and substance satisfactory to Florida Housing and the Trustee, relating to the due authorization and issuance of the Credit Facility and its enforceability and (ii) with respect to an Alternate Credit Facility, an opinion of Bond Counsel to the effect that the Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Tax Exempt Bonds.

### **Certain General Provisions Concerning, Modes and Interest Rates**

(a) Failure to Satisfy Conditions Precedent to Mode Change. If the conditions precedent to a change in Mode set forth in the Indenture have not been satisfied, then the following will apply:

(1) The new Mode shall not take effect.

(2) The Bonds (other than Excluded Bonds) shall be subject to mandatory tender on the proposed Adjustment Date and the holders of the Bonds will not have the right to elect to retain their Bonds.

(3) If the Mode in effect immediately prior to the proposed Adjustment Date is the Weekly Variable Rate, the interest rate on the Bonds shall continue at the Weekly Variable Rate from and after the proposed Adjustment Date, without any further action by any party.

(4) The Remarketing Agent will remarket the Bonds (other than Excluded Bonds) on the Adjustment Date at the applicable interest rate.

(b) Maximum Interest Rate. Notwithstanding any other provision of the Indenture, the interest rate on the Bonds may not exceed the Maximum Rate;

(c) Alternate Credit Facility. Notwithstanding anything to the contrary in the Indenture, the consent of the Credit Provider to a change in Mode shall not be required if (i) an Alternate Credit Facility satisfying the requirements of the Indenture will be in effect on the Adjustment Date and (ii) the Credit Facility then in effect will remain available for mandatory tenders of Bonds (other than Excluded Bonds) on the Adjustment Date. Each opinion of Bond Counsel relating to a change in Mode required to be delivered to the Credit Provider must also be delivered to the Alternate Credit Provider.

(d) Fannie Mae Reimbursement Agreement Default. Notwithstanding anything to the contrary contained in the Indenture, in the event that, on or after the Conversion Date, Fannie Mae gives written notice to Florida Housing and the Trustee to the effect that the Borrower has:

(1) failed to satisfy the requirements of Section 2.1(e) of the Reimbursement Agreement by the Liquidity Action Date (as that term is defined in the Reimbursement Agreement), then the Credit Provider shall be entitled to exercise all rights of the Borrower to adjust the Mode and the Borrower shall not be entitled to exercise any such

rights unless the Credit Provider consents in writing to the Borrower's resumption of the exercising of such rights; or

(2) defaulted in performing certain of its obligations under the Fannie Mae Reimbursement Agreement (Fannie Mae Right to Convert to Reset Rate, Fixed Rate), then Fannie Mae shall be entitled to exercise all rights of the Borrower to adjust the Mode and the Borrower shall not be entitled to exercise any such rights unless and until the Borrower gives written notice, acknowledged in writing by Fannie Mae, to Florida Housing, the Loan Servicer and the Trustee that either (i) such default has been cured or waived or (ii) Fannie Mae has consented to the Borrower's resumption of the exercise of such rights.

Such acknowledgment or consent by Fannie Mae shall not preclude Fannie Mae from exercising its rights described in this subsection upon the occurrence of any subsequent failure default by the Borrower under the Fannie Mae Reimbursement Agreement. Any notice from Fannie Mae to Florida Housing and the Trustee of a failure default under the Fannie Mae Reimbursement Agreement, as described in this subsection, must state whether or not it is also intended to constitute a written notice of an Event of Default under the Reimbursement Agreement, which constitutes an Event of Default under the Indenture as described in "Events of Default; Preliminary Notice" herein.

### **Conversion**

Notwithstanding any other provision of the Indenture to the contrary, if the Final Notice of Conversion is issued on or before the Termination Date, Conversion shall occur on the Conversion Date specified in the Final Notice of Conversion. The Trustee shall, not less than three (3) Business Days prior to the Conversion Date, give written notice of Conversion to the Bondholders. Conversion shall not require, and shall be effective without, the consent of the Bondholders. The Trustee's notice to the Bondholders shall state the Conversion Date and the rating to be in effect with respect to the Bonds from and after the Conversion Date. The Bonds shall not be subject to mandatory tender on the Conversion Date. On the Conversion Date, the Trustee must have possession of the Fannie Mae Credit Facility and an Opinion of Counsel issued by the Fannie Mae Legal Department, in form and substance satisfactory to Florida Housing and the Trustee, relating to the due authorization and issuance of the Credit Facility and its enforceability. Upon receipt by the Trustee of the Fannie Mae Credit Facility and such Opinion of Counsel on the Conversion Date, the Trustee shall surrender the Letter of Credit to the Bank for cancellation. Florida Housing and the Trustee acknowledge that on the Conversion Date, Fannie Mae will, pursuant to the Bank Assignment, succeed to all of the rights and interests of the Bank under the Bond Documents and the Loan Documents with the authority to exercise the rights otherwise granted to the Bank under the Bond Documents and the Loan Documents. On and after the Conversion Date, all references in the Indenture to amounts owed to the Bank under any Credit Facility Document shall be deemed to refer to amounts owed to the Bank under the Bank Documents.

### **Failed Conversion**

If the Final Notice of Conversion is not issued on or before the Termination Date (as such date may be extended), Conversion shall not occur and Fannie Mae shall not have any obligation to provide the Fannie Mae Credit Facility and shall not otherwise have any obligation with respect to the Bonds or the Loan.

### **Creation of Funds and Accounts**

The following Funds and Accounts are created with the Trustee:

- (a) the Loan Fund and within the Loan Fund, (i) the Project Account (and within the Project Account, the Taxable Bond Proceeds Subaccount, the Tax Exempt Bond Proceeds Subaccount and the Borrower Equity Subaccount), and (ii) the Capitalized Funds Account (and within the Capitalized Funds Account, a Tax Exempt Bond Proceeds Subaccount and a Taxable Bond Proceeds Subaccount);
- (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 and within the Costs of Issuance Fund, Florida Housing's Costs of Issuance Account and the Borrower's Costs of Issuance Account;
- (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;
- (f) the Principal Reserve Fund;
- (g) the Replacement Reserve Fund; and
- (h) the Tax and Insurance Escrow Fund.

The Trustee shall hold and administer the Funds and Accounts in accordance with the Indenture. The Trustee may create such additional Funds and Accounts and subaccounts under the Indenture as shall be necessary or desirable to provide for the accounting and application of moneys in accordance with the Indenture.

### **Loan Fund**

- (a) Disbursements. Until the earlier of (i) the depletion of the Capitalized Funds Account (ii) the Conversion Date (the Conversion Date being included as a date on which or for which, as the case may be, the Trustee is directed to perform this function), and (iii) the date on which the Borrower gives written direction to the Trustee to cease paying interest on the Bonds from the Capitalized Funds Account, the Trustee shall automatically transfer amounts on deposit

in the Capitalized Funds Account (from the subaccounts designated by the Borrower; provided that proceeds of the Tax Exempt Bonds shall not be used to pay interest on the Taxable Bonds) as follows:

(1) Interest on the Note. Not later than three Business Days prior to each Interest Payment Date, the Trustee shall transfer to the Interest Account an amount equal to the interest which shall be payable on such Interest Payment Date by the Borrower under the Note;

(2) Florida Housing Fee. Not later than three Business Days prior to the fifteenth day of each month, the Trustee shall transfer to the Fees Account an amount equal to the amount of the Florida Housing Fee due pursuant to the Financing Agreement.

(3) Letter of Credit Fee. At the written direction of the Borrower, on or before the nineteenth (19<sup>th</sup>) of each month, the Trustee shall disburse to the Bank the applicable portion of the Letter of Credit Fee.

The Trustee shall immediately notify the Bank and Florida Housing if sufficient funds are not available to make the transfers as and when required by the Indenture. On the earlier of (x) the Conversion Date (and following any disbursement for amounts accrued through but not including the Conversion Date or (y) May 1, 2005), or (z) at the written direction of the Borrower, with the consents of the Florida Housing Servicer and the Bank, any funds remaining on deposit in the Capitalized Funds Account shall be transferred to the Project Account. The Trustee shall notify the Borrower of the amount so transferred. Upon final disbursement of all amounts on deposit in the Capitalized Funds Account, the Trustee shall close the Capitalized Funds Account.

(b) Requisitions. The Trustee shall make disbursements from the Project Account from time to time for the sole purpose of paying Costs only upon the receipt of Requisitions. The Trustee shall have no duty to determine whether any requested disbursement from the Project Account complies with the Bank Documents.

(c) Transfers to Effect Certain Mandatory Redemptions of Bonds.

(i) Conversion; Excess Loan Funds. On or before the Conversion Date (and, if applicable, from time to time after the Conversion Date or the Transition Date) the Trustee shall transfer to the Redemption Account (or to the Borrower, in the case of the Borrower Equity Subaccount) any amounts remaining on deposit in the Loan Fund that are not required to pay Costs of the Mortgaged Property not yet due and payable or that are being contested in good faith, in the case of any such transfer on or before the Conversion Date or after the Transition Date, as determined by the Florida Housing Servicer and the Bank (so long as the Letter of Credit is in effect) or any Alternate Credit Provider (while an Alternate Credit Facility is in effect) and the Florida Housing Servicer and in the case of any such transfer after the Conversion Date, as determined by the Loan Servicer and the Florida Housing Servicer. The Trustee shall apply any amounts so

transferred to the redemption of Bonds pursuant to the provisions of the Indenture authorizing mandatory redemption from certain excess funds.

(ii) Certain Other Mandatory Redemptions. Immediately prior to any mandatory redemption of the Bonds in whole pursuant to a redemption using proceeds of casualty insurance or condemnation awards or following an event of default under the Reimbursement Agreement, any amounts then remaining in the Loan Fund shall, at the written direction of the Credit Provider, be transferred to the Redemption Account to be applied to the redemption of Bonds pursuant to the applicable provision.

(iii) Limitation on Redemption. Notwithstanding anything to the contrary in the Indenture, amounts on deposit in the Tax Exempt Bond Proceeds Subaccount shall not be used to redeem Taxable Bonds.

#### **Revenue Fund - Interest Account**

(a) Deposits into the Interest Account. The Trustee shall deposit each of the following amounts into the Interest Account:

- (1) moneys provided by or on behalf of the Borrower relating to an interest payment, including any prepayment, under the Note;
- (2) moneys transferred from the Capitalized Funds Account pursuant to the Indenture;
- (3) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Accounts of the Loan Fund, the Rebate Fund, the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Costs of Issuance Fund and the Principal Reserve Fund shall be credited to and retained in those respective Funds and Accounts); and
- (4) any other moneys made available for deposit into the Interest Account from any other source.

(b) Disbursements from the Interest Account. The Trustee shall 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:

- (1) on each (i) Interest Payment Date, (ii) Redemption Date and (iii) date of acceleration of the Bonds, the Trustee shall disburse to the Credit Provider the amount of any Draw or Advance, as applicable, under the Credit Facility relating to the payment of interest on the Bonds unless a Wrongful Dishonor has occurred or unless the Credit Provider is Fannie Mae and Fannie Mae has been or is being reimbursed by the Loan Servicer for the amount of such Advance;

(2) in the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, the Trustee shall disburse to the Bondholders on each Interest Payment Date, an amount equal to the interest due on the Bonds on such date;

(3) if the Credit Provider or the Loan Servicer (from and after the Conversion Date) gives a written notice to the Trustee at any time to the effect that there is any unreimbursed Draw or Advance, as applicable, 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 or transferred to 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 or the Loan Servicer in its notice to the Trustee; and

(4) unless there is (i) a deficiency in the Principal Reserve Fund, the Fees Account or the Rebate Fund or (ii) other than as described in paragraph (3) above, 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 or transferred to 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, the Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

#### **Revenue Fund - Redemption Account**

(a) Deposits into the Redemption Account. The Trustee shall deposit each of the following amounts into the Redemption Account:

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

(2) moneys transferred from the Loan Fund pursuant to the Indenture;

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

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

(5) 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.

(b) Disbursements from the Redemption Account. On each Redemption Date, date of acceleration of the Bonds, the Maturity Date and/or the date on which the Bonds are purchased in lieu of redemption in accordance with the Indenture, the Trustee shall disburse from the Redemption Account (i) to the Credit Provider, the amount of any Draw or Advance, as applicable, under the Credit Facility relating to the payment of principal on the Bonds unless the Credit Provider is Fannie Mae and Fannie Mae has been or is being reimbursed by the Loan Servicer for the amount of such Advance, or (ii) 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.

#### **Revenue Fund - Credit Facility Account**

(a) Deposits into the Credit Facility Account. The Trustee shall deposit into the Credit Facility Account all Draws and Advances, as applicable, under the Credit Facility, except that from and after the Conversion Date, Advances, if any, on account of the Florida Housing Fee shall be deposited into the Fees Account and Pledged Bonds Advances shall be deposited into the Bond Purchase Fund pursuant to the Indenture. No other moneys shall be deposited into the Credit Facility Account and the Credit Facility Account shall be maintained as a segregated account and moneys in it shall not be commingled with any other moneys held under the Indenture. The Credit Facility Account shall be closed at such time as no Credit Provider has continuing liability under any Credit Facility.

(b) Transfers from the Credit Facility Account. 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 Draw or Advance, as applicable, 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, interest on, or any premium on Excluded Bonds. Any amounts remaining in the Credit Facility Account after making the payment for which the Draw or Advance, as applicable, was made pursuant to the Credit Facility shall be immediately refunded to the Credit Provider.

#### **Revenue Fund - Fees Account**

(a) Deposits into the Fees Account. The Trustee shall deposit into the Fees Account the (1) moneys transferred from the Capitalized Funds Account pursuant the Indenture; (2) payments made by the Borrower under the Financing Agreement attributable to Third Party Fees; (3) payments made by the Borrower under the Financing Agreement attributable to the Fees and Expenses; and (4) from and after the Conversion Date, amounts, if any, derived from the Credit Facility for the payment of the Florida Housing Fee. No other moneys shall be deposited into the Fees Account.

(b) Disbursements from the Fees Account. On any date on which any amounts are required to pay any Third Party Fees or any Fees and Expenses, such amounts shall be withdrawn by the Trustee from the Fees Account for payment of such Third Party Fees to the appropriate party, provided, that amounts derived from the Credit Facility and deposited into the

Fees Account shall be used only to pay the Florida Housing Fee when due. In the event the amount in the Fees Account is insufficient to pay such Third Party Fees and/or any Fees and Expenses, 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 within five Business Days after the date of the Trustee's written demand. The Trustee will provide notice of the insufficiency to the Credit Provider and the Florida Housing Servicer, and from and after the Conversion Date, to the Loan Servicer.

(c) No Other Claims to Trust Estate. None of the Tender Agent, the Remarketing Agent or the Rebate Analyst shall have any right to any moneys in any Fund or Account or otherwise in the Trust Estate other than, in the case of the Rebate Analyst, those moneys deposited pursuant to subparagraph (a) into the Fees Account specifically for such Person. Except as otherwise stated in the Indenture, Florida Housing shall not have any right to any moneys in any Fund or Account or otherwise in the Trust Estate other than those moneys deposited as described in subparagraph (a) into the Fees Account specifically for Florida Housing. 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 as described in subparagraph (a) into the Fees Account specifically for the Trustee.

### **Rebate Fund**

The Trustee shall hold and apply the Rebate Fund as provided in the Rebate Agreement. Within 30 days after the end of every fifth Bond Year (as defined in the Rebate Agreement), 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 Florida Housing a certificate stating whether any rebate payment is required to be made, as set forth in the Rebate Agreement, and the Borrower shall deliver to the Trustee any amount so required to be paid.

### **Bond Purchase Fund**

(a) Deposits into Bond Purchase Fund. The Trustee shall deposit each of the following into the Bond Purchase Fund:

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

(2) Draws or Pledged Bond Advances, as applicable, under the Credit Facility to enable the Trustee to pay the purchase price of Tendered Bonds to the extent that moneys obtained as described in paragraph (1) 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; and

(3) moneys received from the Borrower to the extent that moneys obtained as described in subsections (1) and (2) are insufficient on any date to pay the purchase price of Tendered Bonds.

Subject to 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 shall be applied in the same manner as set forth in the Indenture with respect to unclaimed payments of principal and interest.

(b) Disbursements from the Bond Purchase Fund. The Trustee shall 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 Indenture.

#### **Principal Reserve Fund**

(a) Deposits into the Principal Reserve Fund. The Trustee shall deposit each of the following amounts into the Principal Reserve Fund:

- (1) All of the monthly payments made by the Borrower in accordance with the Principal Reserve Schedule, as such schedule may be amended in writing; and
- (2) 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, until it is furnished an amended schedule by the Bank or any Alternate Credit Provider (from and after the Transition Date) or Fannie Mae or the Loan Servicer (from and after the Conversion Date).

(b) Disbursements from the Principal Reserve Fund. The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as described below:

(1) at the written direction of the Credit Provider, to the Credit Provider to reimburse the Credit Provider for any unreimbursed Draw or Advance, as applicable, 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);

(2) 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;

(3) 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 by writing by the Credit Provider (if Fannie Mae is

the Credit Provider, such use must be approved by the General Counsel of Fannie Mae), or at the written direction of the Credit Provider, to the redemption of the Bonds, in whole or in part;

(4) 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 in writing, for any use approved in writing by the Credit Provider (if Fannie Mae is the Credit Provider, such purpose must be approved by the General Counsel of Fannie Mae);

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

(6) 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, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of \$100,000; or if Fannie Mae is not the Credit Provider, rounded downward to the nearest Authorized Denomination), shall be transferred, on the next earliest Interest Payment Date for which notice of redemption under the Indenture can be given, to the Redemption Account to be applied to the redemption of Taxable Bonds until all of the Taxable Bonds are redeemed; following redemption of all Taxable Bonds, 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, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of \$100,000, or, if Fannie Mae is not the Credit Provider, rounded downward to the nearest Authorized Denomination), shall be transferred, on the next earliest Interest Payment Date for which notice of redemption can be given under the Indenture, to the Redemption Account to be applied to the redemption of Tax Exempt Bonds; and

(7) on the Interest Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower, 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 or Event of Default by the Borrower exists under any Credit Facility Document, 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.

#### **Replacement Reserve Fund**

(a) Deposits into Replacement Reserve Fund. The Trustee shall deposit into the Replacement Reserve Fund all moneys paid to the Trustee for such purpose pursuant to the Financing Agreement.

(b) Disbursements from Replacement Reserve Fund. The Trustee shall make disbursements from the Replacement Reserve Fund upon receipt of written Requisitions executed by the Borrower (unless the Borrower is in default under any of the Borrower Documents), and approved by both the Bank (prior to the Conversion Date and from and after the Transition Date) or the Loan Servicer (from and after the Conversion Date) and the Florida Housing Servicer in substantially the form attached to the Indenture. The Bank (prior to the Conversion Date and from and after the Transition Date) or the Loan Servicer (from and after the Conversion Date) and the Florida Housing Servicer shall promptly provide the Trustee with their approval or rejection of a requisition.

No disbursements from the Replacement Reserve Fund shall be made for any purpose other than for capital expenditures which shall include, without limitation, building structural repairs, roof replacement, kitchen appliance replacement, carpet replacement, major building system replacement (i.e., electrical, plumbing, HVAC), major painting, and roof repair or any other uses consented to by Florida Housing or the Florida Housing Servicer and the Bank (prior to the Conversion Date and on and after the Transition Date) or the Loan Servicer (from and after the Conversion Date).

While Fannie Mae is the Credit Provider, upon the occurrence of and during the continuation of any Event of Default as described in the Financing Agreement, the Trustee shall make disbursements from the Replacement Reserve Fund upon (i) written directions to the Trustee from the Credit Provider to transfer moneys in the Replacement Reserve Fund into any other Fund or Account under the Indenture to provide for a shortfall in amounts otherwise due in any such Fund or Account; or (ii) a written requisition from the Loan Servicer (from and after the Conversion Date), approved by the Florida Housing Servicer, for the disbursement of amounts to be used in accordance with the preceding paragraph; provided, however, that no such transfer or disbursement pursuant to provisions of the Indenture summarized in this paragraph shall satisfy the Borrower's obligations under the Financing Agreement or waive the Trustee's or any other Person's right to pursue any remedy under the Financing Agreement or other applicable Transaction Document.

Subject to certain provisions of the Indenture with respect to the disposition of remaining moneys and the Credit Provider's right to direct the application of moneys upon an event of default under the Reimbursement Agreement, upon defeasance or payment in full of the Bonds, the principal amount remaining in the Replacement Reserve Fund shall be transferred to the Borrower.

#### **Tax and Insurance Escrow Fund**

(a) Deposits into Tax and Insurance Escrow Fund. The Trustee shall deposit into the Tax and Insurance Escrow Fund all moneys paid to the Trustee for such purpose pursuant to the Financing Agreement.

(b) Disbursements from Tax and Insurance Escrow Fund. The Trustee shall, at the request of the Borrower, and with the written approval of the Florida Housing Servicer and the Bank (prior to the Conversion Date and from and after the Transition Date) or the Loan Servicer

(from and after the Conversion Date), disburse moneys from the Tax and Insurance Escrow Fund to make payments when due for amounts required by the Financing Agreement in connection with real estate taxes, fire or property insurance for the Mortgaged Property, or other similar payments in the following order of priority: (A) insurance for the Mortgaged Property and (B) real estate taxes for the Mortgaged Property. Each request for a disbursement shall be in the form of a written requisition from the Borrower which shall state the name and address of the entity to whom payment is due, the amount to be paid, that each obligation listed has been properly incurred, is a proper charge against the Tax and Insurance Escrow Fund, and has not been the basis of any previous withdrawal, and that the disbursement requested will be used to pay taxes or insurance with respect to the Mortgaged Property. Such written requisition shall be accompanied by a bill, invoice or statement of account for such obligation. Notwithstanding the foregoing, while Fannie Mae is the provider of the Credit Facility, the Trustee shall, at the written direction of the Loan Servicer (a copy of which shall be given to the Florida Housing Servicer), disburse moneys from the Tax and Insurance Escrow Fund in payment of (i) real property or ad valorem taxes with respect to the Development, and (ii) premiums for the insurance policies required to be maintained by the Borrower pursuant to the Security Instrument.

(c) Subject to certain provisions of the Indenture with respect to the deposit of remaining moneys and the Credit Provider's right to direct the application of moneys upon an event of default under the Reimbursement Agreement, upon defeasance or payment in full of the Bonds and the Credit Provider's right to direct the application of moneys upon an event of default under the Reimbursement Agreement, the amount remaining in the Tax and Insurance Escrow Fund shall be transferred to the Borrower.

### **Investment Limitations**

Unless required to be held uninvested as otherwise specified in the Indenture, moneys held as part of any Fund or Account shall be invested and reinvested in Permitted Investments. Permitted Investments shall have maturities corresponding to, or shall be available for withdrawal without penalty no later than, the dates upon which such moneys shall be needed for the purpose for which such moneys are held. Moneys on deposit in the (i) Interest Account shall 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 shall be held uninvested and (iv) Costs of Issuance Fund, until disbursed or returned to the Borrower as set forth in the Indenture, shall be invested only in investments described in paragraph (h) of the definition of Permitted Investments. Permitted Investments shall 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 Replacement Reserve Fund, the Tax and Insurance Escrow Reserve, the Rebate Fund, the respective Accounts of the Costs of Issuance Fund and the Principal Reserve Fund, upon receipt, shall be deposited into the Interest Account. Investment Income from moneys held in the Loan Fund, the Replacement Reserve Fund, the Tax and

Insurance Escrow Reserve, the Rebate Fund, the Costs of Issuance Fund and the Principal Reserve Fund shall remain in the respective Fund or Account where earned.

### **Trustee's Authority and Responsibilities**

The Trustee is authorized to sell and reduce to cash a sufficient amount of Permitted Investments whenever the cash balance is or will be insufficient to make a requested or required disbursement. The Trustee shall not be accountable for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale. The Trustee may trade with itself and its Affiliates in the purchase and sale of securities for investments, and may transact purchases and sales through its investment department or through its Affiliates. The Trustee and its Affiliates may act as principal, agent, sponsor, advisor or depository with respect to any investments. All Permitted Investments shall be made by the Trustee in its name, as Trustee, at the written direction of (x) Florida Housing with respect to moneys held in Florida Housing's Costs of Issuance Account and the Fees Account, and (y) the Borrower with respect to moneys held in all other Funds and Accounts other than Florida Housing's Costs of Issuance Account, the Fees Account, the Bond Purchase Fund and the Credit Facility Account, subject to the limitations contained in the Indenture. If no direction is provided to the Trustee, the Trustee shall invest such moneys in investments described in paragraph (h) of the definition of Permitted Investments. In computing the amount in any Fund or Account, Permitted Investments if purchased at par shall be valued at principal cost plus accrued interest, or, if purchased at other than par, at principal cost plus amortized discount or less amortized premium (amortization to be on a straight-line basis to the date of stated maturity without regard to redemptions or repayments of principal which may occur prior to maturity) plus accrued interest. The Trustee shall take such actions as shall be necessary to assure that Permitted Investments purchased by it under the Indenture are held pursuant to the terms of the Indenture and are subject to the trusts and security interests created in the Indenture. Florida Housing, and the Borrower (by its execution of the Financing Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant Florida Housing or the Borrower the right to receive brokerage confirmations of security transactions as they occur, Florida Housing and the Borrower specifically waive receipt of such confirmations to the extent permitted by law.

### **Florida Housings Covenants**

In addition to all other covenants and agreements of Florida Housing contained in the Indenture or the Financing Agreement, Florida Housing further covenants and agrees with the Bondholders and the Trustee as follows:

- (a) Except as provided with respect to authorized modifications of the Indenture and other amendments, Florida Housing shall not knowing alter, modify or cancel, or agree to alter, modify or cancel, any agreement which relates to or affects the Security.
- (b) Except as otherwise provided in the Indenture, the Financing Agreement, the Assignment or the Credit Facility Documents, Florida Housing shall not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security or create or authorize to be created any debt, lien or charge thereon.

(c) At the expense of the Borrower, Florida Housing shall cooperate with the Borrower in the Borrower's performing the Borrower's obligation to cause the Indenture, or any related instruments or documents relating to the assignment made by Florida Housing under the Indenture to secure the Bonds, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the holders of the Bonds and the rights of the Trustee under the Indenture.

### **Limitations on Liability**

Notwithstanding any other provision of the Indenture to the contrary:

(a) The obligations of Florida Housing with respect to the Bonds are not general or special obligations of Florida Housing but are limited obligations of Florida Housing payable by Florida Housing 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 Florida Housing other than the Trust Estate.

(c) The Bonds are not and will not be a general or special debt of the State, Florida Housing or of any other political subdivision of the State, and neither the State, Florida Housing nor any other political subdivision of the State is or will be liable for the payment of the Bonds.

(d) Neither the faith and credit of Florida Housing, the State, any local government, nor any other political subdivision of the State are pledged to the payment of the principal of and interest and any premium on the Bonds. Florida Housing has no taxing power.

(e) No failure of Florida Housing to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by Florida Housing in connection with the Mortgaged Property, or the issuance, sale and delivery of the Bonds shall subject Florida Housing 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.

(f) Florida Housing shall 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, the Letter of Credit Fee, Fees and Expenses or administrative expenses or otherwise.

(g) Neither the board of directors of Florida Housing nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their issuance of the Bonds.

## **Enforcement**

Florida Housing agrees that the Trustee and, so long as a Credit Facility provided by the Credit Provider continues in effect, the Credit Provider, in its name or in the name of Florida Housing, may enforce against the Borrower or any other Person any rights of Florida Housing under the Bond Documents (other than the Reserved Rights) whether or not Florida Housing is in default under the Indenture or under the Financing Agreement, but neither the Trustee nor the Credit Provider will be deemed to have assumed any of the obligations of Florida Housing under the Bond Documents. Florida Housing, at the expense of the Borrower, shall fully cooperate with the Trustee or the Credit Provider in the enforcement by the Trustee or the Credit Provider of any such rights. At the request of the Trustee or the Credit Provider, Florida Housing, upon being indemnified to its reasonable satisfaction against all liability, costs and expenses which may be incurred in connection with such enforcement, shall in its name commence legal action or take such other actions as the Trustee or the Credit Provider reasonably requests to enforce the rights of Florida Housing, the Trustee or the Credit Provider under or arising from the Bonds or the Bond Documents.

## **Tax Covenants**

Florida Housing agrees:

(a) it shall not knowingly make or direct the Trustee to make any investment or other use of the proceeds of the Tax Exempt Bonds that would cause the Tax Exempt Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code and that it shall comply with the requirements of the Code throughout the term of the Tax Exempt Bonds.

(b) it (i) shall take, or use its best efforts to require to be taken, all actions of which it has knowledge that may be required of Florida Housing for the interest on the Tax Exempt Bonds to be and remain not included in gross income for federal income tax purposes and (ii) shall not knowingly take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code.

(c) to the extent within its control, it shall enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement of which it has knowledge within a reasonable period after any such violation is first discovered.

## **Acceptance of the Credit Facility**

The Trustee shall hold the Credit Facility and shall 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 holders (other than holders of Excluded Bonds). The Trustee shall not assign or transfer the Credit Facility except (i) to the Credit Provider upon expiration or other termination of the Credit Facility in accordance with its terms, including expiration on its stated expiration date, or upon payment under the Credit Facility of the full amount payable under the Credit Facility, provided that the Amount Available under the Credit Facility is not subject to reinstatement or (ii) to a

successor Trustee under the Indenture. Florida Housing and the Trustee acknowledge that the obligations of Fannie Mae as the Credit Provider under the Fannie Mae Credit Facility, if applicable, 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.

### **Draws and Requests for Advances Under Credit Facility**

The Trustee shall, prior to the Conversion Date and from and after the Transition Date, timely draw on the Letter of Credit, or, on and after the Conversion Date, timely request Advances under the Fannie Mae Credit Facility, or, if an Alternate Credit Facility is in effect, timely draw on the Alternate Credit Facility, in each case for the payment of principal of and interest due on any Bond (other than an Excluded Bond) and the purchase price of any Bond to the extent required by the Indenture and in accordance with the terms of the Credit Facility then in effect, and cause the proceeds of each Draw or Advance, as applicable, 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. From and after the Conversion Date, the Trustee shall timely request an Advance under the Fannie Mae Credit Facility for payment of the Florida Housing Fee if payment of the Florida Housing Fee is due and is not paid by the Borrower pursuant to the Financing Agreement. The Trustee shall not request, and shall not apply the proceeds of, any Draw or Advance, as applicable, 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 Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond. Prior to making a Draw or requesting an Advance, as applicable, to pay principal of or interest on the Bonds (other than Excluded Bonds) on an Interest Payment Date, the Trustee shall determine the amount necessary to make such payment of principal or interest. Notwithstanding any other provision of the Indenture to the contrary, so long as a Credit Facility is in effect (i) interest payable to the Bondholders (other than the holders of Excluded Bonds) on each Interest Payment Date, and principal payable to the Bondholders (other than the holders of Excluded Bonds) on any date on which principal is payable to the Bondholders, whether by reason of redemption, upon maturity, acceleration, or otherwise, shall be paid from the proceeds of the Credit Facility deposited into the Credit Facility Account, prior to the use of any other moneys, and all amounts held by the Trustee under the Indenture derived from payments made by the Borrower under the Note shall, on the date on which the Trustee receives payment under the Credit Facility, as the case may be, be paid to the Credit Provider on such date in reimbursement of the amounts so paid and (ii) premium payable upon any optional redemption of Bonds shall be paid with Available Moneys, provided that in no event shall amounts be paid under the Credit Facility to pay principal, interest, premium or any other amount in respect of any Excluded Bonds.

### **Return of Payments Under the Credit Facility**

In the event the Trustee receives a Draw or an Advance, as applicable, 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 as set forth in 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 Florida Housing 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 Tax-Exempt Bonds.

The Trustee shall give notice by first class mail, postage prepaid, to the Bondholders of the substitution of such Alternate Credit Facility for the Credit Facility then in effect as set forth in the Indenture. On the Substitution Date, the Trustee shall, if necessary, request an Advance under or otherwise draw against 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 to be extended, the Trustee must receive an extension of the Credit Facility not later than the Liquidity Expiration Date or the Extension Date, as applicable. The Trustee shall provide a copy of 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 an extension of the Credit Facility then in effect on or before the Extension Date, the Bonds shall be subject to mandatory tender as set forth in the Indenture.

### **Limitations on Rights of Credit Provider**

Notwithstanding anything contained in the Indenture to the contrary, all provisions of the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned in such provisions (i) if a Wrongful Dishonor has occurred and is

continuing, or (ii) after the Credit Facility ceases to be valid and binding on the Credit Provider for any reason, or is declared to be null and void by final judgment of a court of competent jurisdiction; provided, however, that the Credit Provider's right to notices and the payment of amounts due to the Credit Provider shall continue in full force and effect. The foregoing shall not affect any other rights of the Credit Provider.

#### **References to Credit Provider When No Credit Facility Is In Effect**

All provisions of the Indenture relating to the rights of the Credit Provider shall be of no force and effect if there is no Credit Facility in effect and there are no Pledged Bonds and all amounts owing to the Credit Provider under the Credit Facility Documents have been paid. In such event, all references to the Credit Provider shall have no force or effect.

#### **Credit Provider to Control Insolvency Proceedings**

Each Bondholder, by its purchase of Bonds, the Trustee and Florida Housing agree that the Credit Provider may at any time during the continuation of an insolvency proceeding of Florida Housing or the Borrower ("Insolvency Proceeding") direct all matters relating to the Bonds in any such Insolvency Proceeding, including, without limitation, (i) all matters relating to any claim in connection with seeking the avoidance as a preferential transfer ("Preference Claim"), (ii) the direction of any appeal of any order relating to any Preference Claim and (iii) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, and without limitation of the foregoing, the Credit Provider shall be subrogated to the rights of Florida Housing, the Trustee and the Bondholders in any Insolvency Proceeding to the extent it has performed its payment obligations under the Credit Facility, including any rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Insolvency Proceeding and rights pertaining to the filing of a proof of claim, voting on a reorganization plan and rights to payment thereunder.

#### **Terms and Conditions of the Initial Letter of Credit**

The Borrower has agreed, upon the initial authentication and delivery of the Bonds, to arrange for the delivery of the Letter of Credit by the Bank to, and in favor of, the Trustee, for the benefit of the Bondholders. The Letter of Credit shall secure the Bonds in accordance with its terms only so long as the Mode in effect for the Bonds is the Weekly Variable Rate. The Letter of Credit Expiration Date shall not be earlier than five days following the Outside Conversion Date, as determined without regard to any extension.

While the Letter of Credit is in effect the Trustee shall make timely Draws in accordance with the Letter of Credit such that (i) timely payment of principal and interest is made on the Bonds (other than Excluded Bonds) as required by the Indenture and (ii) timely payment of the purchase price of Tendered Bonds (other than Excluded Bonds) that have not been remarketed is made under the Indenture. The Trustee shall make such Draws in such fashion as to be able to obtain on the applicable payment date, such funds to the extent necessary to permit the Trustee or the Tender Agent, as the case may be, to make such payment when due in accordance with the Indenture. If any such Draws are made on a Mandatory Tender Date in connection with the

delivery of a Substitute Letter of Credit, such Draws shall be made under the Letter of Credit and not on the Substitute Letter of Credit.

The Trustee shall not terminate or surrender the Letter of Credit until the Trustee shall have made such Draw(s), if any, as shall be required under the Indenture to provide for payment in full of the principal of and interest on the Bonds, and shall have received the proceeds of such Draw(s) from the Bank.

### **Discharge of Lien and Security Interest**

(a) Discharge. Upon satisfaction of the conditions set out in the Indenture, described in subsection (b) below, the Trustee shall (i) cancel and discharge the Indenture and the pledge and assignment of the Security, (ii) execute and deliver to Florida Housing such instruments in writing prepared by Florida Housing or its counsel and provided to the Trustee and the Credit Provider as may be required to cancel and discharge the Indenture and the pledge and assignment of the Trust Estate, and (iii) reconvey, assign and deliver to Florida Housing so much of the Trust Estate as may be in its possession or subject to its control (except for (A) moneys and Government Obligations held for the purpose of paying Bonds and (B) moneys and Investments held in the Rebate Fund for payment to the United States Government) who shall, in turn, convey, assign and deliver the remaining Trust Estate to the Borrower. Upon payment in full of the Bonds and any Florida Housing Fee which may be payable from the Credit Facility, the Trustee shall return the Credit Facility to the Credit Provider.

(b) Conditions to Discharge. The conditions precedent to the cancellation and discharge of the Indenture and the other actions provided in the Indenture described in subsection (a) above, are (i) payment in full of the Bonds, (ii) payment of the Florida Housing Fee through the date of cancellation and discharge of the Indenture, (iii) receipt by the Trustee of a written statement from the Credit Provider stating that all obligations owed to the Credit Provider under the Credit Facility Documents have been fully paid and that if all other conditions to the discharge of the Indenture are satisfied, the Credit Provider consents to the discharge of the Indenture, (iv) payment of all Administrative Expenses, including Extraordinary Items (v) receipt by the Trustee of a written statement from Florida Housing stating that all amounts owed to Florida Housing in respect of Reserved Rights have been fully paid, (vi) payment of any Rebate Amount (as defined in the Rebate Agreement) and fees and expenses of the Rebate Analyst in connection with delivery of the final certificate pursuant to the Indenture and (vii) receipt by the Trustee of an Opinion of Counsel, at the expense of the Borrower, stating that all conditions precedent to the satisfaction and discharge of the Indenture have been satisfied.

### **Defeasance**

(a) Provision for Payment of Bonds. While the Bonds are in a Reset Mode or the Fixed Rate Mode, any Bond will be deemed paid within the meaning of the Indenture if each of the conditions set out in the Indenture is satisfied. The Bonds may not be defeased within the meaning of the Indenture if the Bonds are in the Weekly Variable Rate Mode.

## **Events of Default; Preliminary Notice**

(a) **Events of Default.** Each of the following constitutes an Event of Default under the Indenture:

(1) default in the payment when due and payable of any interest due on any Bond (other than an Excluded Bond);

(2) default in the payment when due and payable of (i) the principal of or any redemption premium on any Bond (other than an Excluded Bond) or (ii) the purchase price of any Tendered Bond (other than an Excluded Bond);

(3) written notice to the Trustee from the Credit Provider (with a copy to Florida Housing, the Borrower and the Loan Servicer (from and after the Conversion Date)) of a default by Florida Housing in the observance or performance of any covenant, agreement, warranty or representation on the part of Florida Housing included in the Indenture or in the Bonds (other than an Event of Default described in subsection (1) or (2) above) and the continuance of such default for a period of 30 days after the Trustee receives such notice;

(4) written notice to the Trustee from the Credit Provider (with a copy to Florida Housing) of an Event of Default under the Reimbursement Agreement;

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

(6) a Wrongful Dishonor.

(b) **Preliminary Notice.** The Trustee shall immediately notify Florida Housing, the Florida Housing Servicer, the Loan Servicer (from and after the Conversion Date), the Borrower and the Credit Provider after the Trustee obtains knowledge or receives notice of the occurrence of an Event of Default under the Indenture or an event which would become an Event of Default with the passage of time, the giving of notice or both, identifying the paragraph of the Indenture under which the Event of Default has occurred or may occur.

(c) **Non-Default and Prohibition of Mandatory Redemption Upon Tax Event.** The occurrence of any event ("Tax Event") which results in the interest payable on the Tax Exempt Bonds being includable, for federal income tax purposes, in the gross income of the holders of the Tax Exempt Bonds, 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 any of 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 any of the Bonds, or (iii) give rise to the payment to the holders of the Tax Exempt Bonds 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 Tax Exempt Bonds prior to the occurrence of the Tax Event. Nothing in the subsection of the Indenture described in this paragraph will be deemed to amend or supplement the terms of the Loan Documents. Promptly upon determining that a Tax Event has occurred, Florida Housing or the Trustee, by notice in writing to the Credit Provider, the Loan Servicer (from and after the Conversion Date), the Florida Housing Servicer, the 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 Florida Housing 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 Loan.

#### **Acceleration, Redemption and Mandatory Tender**

The Bonds (other than Excluded Bonds) shall be subject to acceleration, redemption or mandatory tender as set out in the Indenture provisions described below.

(a) **Acceleration.** Upon:

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

(2) the occurrence of any other Event of Default under the Indenture, the Trustee may, upon receiving the prior written consent of the Credit Provider, and shall, upon the written direction of the Credit Provider requiring that the Bonds (other than Excluded Bonds) be accelerated as described in this subsection, by written notice to Florida Housing, the Florida Housing Servicer, the Borrower, the Credit Provider and the Loan Servicer (from and after the Conversion Date), declare the principal of all Bonds (other than Excluded Bonds) and the interest accrued, and to accrue, on the Bonds (other than Excluded Bonds) to the date of declaration immediately due and payable.

(b) **Redemption, Mandatory Tender.** Upon the occurrence of an Event of Default under the Indenture arising from written notice to the Trustee of an Event of Default under the Reimbursement Agreement:

(1) if the Credit Provider so directs pursuant to the Indenture, the Bonds (other than Excluded Bonds) shall be redeemed in whole or in part in the amount specified by and at the direction of the Credit Provider; or

(2) if the Credit Provider so directs pursuant to the Indenture, the Bonds (other than Excluded Bonds) shall be subject to mandatory tender.

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

(c) Notice.

(1) Acceleration. Upon any decision to accelerate payment of the Bonds (other than Excluded Bonds), the Trustee shall notify the Credit Provider and the Bondholders (other than the holders of Excluded Bonds) of the declaration of acceleration, that, in the event of acceleration, interest on the Bonds (other than Excluded Bonds) will cease to accrue upon such declaration, and payment of the Bonds will be made upon presentment of such Bonds at the Designated Office of the Trustee. Such notice shall be sent by registered mail or overnight delivery service, postage or charges prepaid, or, at the Trustee's option, may be given by Electronic Means to each Registered Owner of Bonds (other than Excluded 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.

(2) Redemption. At the direction of the Credit Provider to redeem the Bonds (other than Excluded Bonds) in whole or in part pursuant to the Indenture the Trustee shall, as provided in the Indenture, give immediate notice of redemption to the Bondholders (other than holders of Excluded Bonds).

(3) Mandatory Tender. At the direction of the Credit Provider that the Bonds (other than Excluded Bonds) be subject to mandatory tender pursuant to the Indenture, the Trustee shall, as provided in the Indenture, give immediate notice of mandatory tender to the Bondholders (other than holders of Excluded Bonds).

(d) Payment Under Credit Facility. Immediately upon acceleration, mandatory redemption or mandatory tender of the Bonds (other than Excluded Bonds), the Trustee shall draw on the Letter of Credit, or request an Advance under the Fannie Mae Credit Facility, or draw on the Alternate Credit Facility, as applicable, 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 accelerating payments of the Bonds taking action under the Indenture, but only with the prior written consent of the Credit Provider, and shall at the written direction of the Credit Provider if the Event of Default occurs under the Indenture provisions

described above in clauses (3), (4) or (5) under in "Events of Default; Preliminary Notice-Events of Default" pursue any of the following remedies:

- (1) an action in mandamus or other suit, action or proceeding at law or in equity (A) to enforce the payment of the principal of and interest and any premium on the Bonds (other than Excluded Bonds), (B) for the specific performance of any covenant or agreement contained in the Indenture, the Financing Agreement or the Regulatory Agreement or (C) to require Florida Housing to carry out any other covenant or agreement with Bondholders (other than holders of Excluded Bonds) and to perform its duties under the Act;
- (2) the liquidation of the Trust Estate; or
- (3) 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 (other than the holders of Excluded Bonds) 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 (other than the holders of Excluded Bonds) against Florida Housing allowed in any bankruptcy or other proceeding.

Subject to certain of 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 (other than the holders of Excluded Bonds) and, unless a Wrongful Dishonor has occurred and is continuing, the Credit Provider.

**Preservation of Security and Remedies if Payment Under Credit Facility is Not Made or is Insufficient; Rights of Bondholders**

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

## **Waiver**

Subject to the conditions precedent set out in the Indenture, (i) the Trustee may waive, (ii) the Trustee shall waive if directed to do so by the Credit Provider in writing, and (iii) Bondholders owning not less than 51 percent in aggregate principal amount of Bonds (other than Excluded 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.

Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes and Florida Housing, the Borrower, the Trustee and the Bondholders shall 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; Rights and Limitations Applicable to Bondholders, Florida Housing and Trustee**

(a) Rights to Direct Proceedings. Notwithstanding anything contained in the Indenture to the contrary, the Credit Provider itself (except in the case of a continuing Wrongful Dishonor) or Bondholders owning not less than 51 percent in aggregate principal amount of Bonds (other than Excluded 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, that such direction shall 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 for actions required under the Indenture).

(b) Limitations on Bondholders' Rights. No Bondholder has or shall have the right to enforce the provisions of the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document or to institute any proceeding in equity or at law for the enforcement of the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document or to take any action with respect to an Event of Default under, and as respectively defined in, the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture, the Financing Agreement, the Regulatory Agreement or any other Transaction Document upon any default or Event of Default; provided that any holder of Bonds (other than Excluded Bonds) may take one or more of the foregoing actions if (i) such default or Event of Default is a Wrongful Dishonor, (ii) such Bondholder has given the Trustee, Florida Housing, the Credit Provider, the Loan Servicer and the Borrower written notice of the Event of Default, (iii) the holders of not less than 51% in aggregate principal amount of Bonds (other than Excluded Bonds) then Outstanding have requested the Trustee in writing to institute such proceeding, (iv) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (v) the Trustee has been offered reasonable indemnity, where

required, and (vi) 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 the Indenture, 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 under the Fannie Mae Credit Facility to pay the Florida Housing Fee) shall be deposited into the Credit Facility Account and applied solely to pay the principal of and interest on the Bonds (other than Excluded Bonds). Amounts on deposit in the Bond Purchase Fund shall be applied solely to pay the purchase price of the Bonds (other than Excluded Bonds). All other moneys received by the Trustee pursuant to any action taken under the Indenture shall, subject to the Indenture, shall be deposited into the Interest Account and the Redemption Account, as applicable, after payment of the ordinary fees, costs and expenses of Florida Housing, the Florida Housing Servicer, the Trustee and their respective counsel, including Bond Counsel. 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 Indenture provisions described in the following subsections.

(a) Principal on Bonds Not Declared Due and Payable. Unless the principal on all Bonds (other than Excluded Bonds) has become or been declared due and payable, all such moneys shall be applied:

**First** - to the payment of all interest then due on the Bonds (other than Excluded Bonds), in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full such 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 (other than Excluded Bonds) which have become due (other than (i) Excluded Bonds, and (ii) 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 such Bonds from the respective dates upon which they become due at the rate or rates borne by such 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;

**Third** - to the payment to Florida Housing of all reasonable fees, costs and expenses of Florida Housing and its counsel or representatives in connection with

taking any action or enforcing any rights and remedies under the Indenture or under the Bond Documents or Loan Documents, then to the payment of amounts owed to the Credit Provider under the Credit Facility Documents and the Loan Documents, and then to any amounts due to Florida Housing, the Florida Housing Servicer and the Trustee and their respective counsel (including Bond Counsel) for Administrative Expenses and Extraordinary Items that have not otherwise been paid.

(b) Principal of Bonds Declared Due and Payable. If the principal of all the Bonds (other than Excluded Bonds) has become or been declared due and payable, all such moneys shall be applied: first, to the payment of all reasonable fees, costs and expenses of Florida Housing and the Trustee and their counsel (including Bond Counsel) or representatives in connection with taking any action or enforcing any rights and remedies under the Bond Documents or Loan Documents; second, 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; third, to pay the Credit Provider amounts owed to it under the Credit Facility Documents and the Loan Documents, as specified in writing to the Trustee by the Credit Provider; fourth, to pay all Administrative Expenses (without duplication) and Extraordinary Items; and fifth, to any other amounts due and payable under the Indenture.

(c) General. Whenever moneys are to be applied pursuant to the Indenture provisions described under this heading, 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 shall 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 to the Bondholders (other than holders of Excluded Bonds) 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 Trustee

The Trustee may resign only upon giving 60 days' prior written notice to Florida Housing, 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 Florida Housing, (ii) by Florida Housing at the request of the Credit Provider, for cause, or (iii) by an instrument or concurrent instruments in writing delivered to Florida Housing, the Credit Provider, the Loan Servicer, the

Trustee and the Borrower, signed by the owners of not less than 66.7% in aggregate principal amount of Bonds (other than Excluded Bonds) then Outstanding, which written instrument shall designate a successor Trustee approved by Florida Housing and 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 of the Indenture, shall be appointed by Florida Housing with the prior written consent of the Borrower and the Credit Provider (unless appointed by the Bondholders as provided in the Indenture); provided, 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 Florida Housing 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 60 days after the notice of resignation or within 60 days after removal, as the case may be, then, the Credit Provider shall have the right to appoint a successor Trustee, provided that failing appointment of a successor Trustee by the Credit Provider within such 60 day period, then in the case of a resignation, the resigning Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or, in case of a resignation or removal, any Bondholder may on behalf of itself and all others similarly situated petition any such court of competent jurisdiction for the appointment of a successor Trustee (in any such event, from among the institutions with existing contractual arrangements with Florida Housing to serve as Trustee). The successor Trustee must accept in writing its duties and responsibilities under the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement and the other Bond Documents. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Bondholder, Florida Housing, the Florida Housing Servicer, the Credit Provider, the Loan Servicer (from and after the Conversion Date) and the Borrower. Upon appointment of a successor Trustee, the resigning or removed Trustee, as the case may be, shall assign all of its right, title and interest in and to the Security, the Indenture and the other Bond Documents, to the successor Trustee.

#### **Tender Agent**

The Tender Agent will agree, among other things, to:

(a) act as agent for the Trustee for the purpose of authenticating, accepting delivery of and delivering Bonds in accordance with provisions of the Indenture relating to authentication and delivery of Bonds;

(b) as agent for the Trustee, hold all moneys delivered to it for the purchase of Bonds in trust in the Bond Purchase Fund for the account of the person who delivered such moneys until the Bonds purchased with such moneys have been registered, authenticated and delivered to or to the order of such person; and

(c) hold all Bonds delivered to it for purchase in trust for the owner of such Bonds until such owner has received the purchase price for such Bonds.

The Tender Agent shall be entitled to the same protections, immunities and limitations from liability afforded the Trustee under the Indenture.

#### **Resignation or Removal of Tender Agent**

The Tender Agent may resign by giving no less than 60 days' prior written notice to the Borrower, the Trustee, the Credit Provider, the Loan Servicer (from and after Conversion) and Florida Housing. If the Tender Agent is the Trustee, the Tender Agent may be removed pursuant to the provisions for removal of the Trustee set forth in the Indenture and if the successor Trustee is to serve also as the successor Tender Agent, such successor Tender Agent shall be appointed pursuant to the provisions for appointment of a successor Trustee set forth in the Indenture. Except as described in the prior sentence, the Tender Agent may be removed by Florida Housing with the prior written consent of the Credit Provider, by an instrument signed by Florida Housing stating the reason for such removal filed with the Tender Agent, the Trustee and the Credit Provider. The Trustee or the Credit Provider is authorized, with the prior written consent of Florida Housing and the Credit Provider or the Trustee, as applicable, to remove the Tender Agent and appoint a successor. No removal of the Tender Agent shall be effective until a successor Tender Agent has been appointed by Florida Housing with the prior written consent of the Credit Provider and has accepted such appointment. Failing such appointment by Florida Housing prior to the effective date of the Tender Agent's resignation, the Credit Provider shall have the right to appoint a successor Tender Agent acceptable to Florida Housing. Any successor Tender Agent shall be a trust company or bank having trust powers and in good standing, within or without the State. The provisions of the Indenture described in this Section shall apply if the resignation of the Tender Agent is due to the fact that the Tender Agent no longer exists. In no event shall the resignation or removal of the Tender Agent take effect prior to the date a successor Tender Agent has been appointed and is serving under the Indenture and the Tender Agent Agreement. The Trustee, when acting as Tender Agent, may transfer the Tender Agent's duties to any related affiliate without further act or approval (other than the provision of notice to Florida Housing, the Credit Provider, the Borrower and the Remarketing Agent).

#### **Supplemental Indentures Not Requiring Bondholder Consent**

Florida Housing 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, in the judgment of the Trustee, 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 or any supplemental indenture in such manner as to permit qualification of the Indenture or any supplemental indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the States of the United States of America;

(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, in the judgment of the Trustee, is not materially adverse to the interests of the Bondholders, including, but not limited to, provision of a Credit Facility other than or in substitution for the 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 current 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 the Indenture provision as described under the heading "Supplemental Indentures Requiring Bondholder Consent" below, (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;

(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; or

(k) to implement or modify any secondary market disclosure provisions regarding the Bonds, the Development or the Borrower.

If the Trustee has received written confirmation from the Rating Agency to the effect that such supplemental indenture will not result in the suspension, withdrawal or reduction of the then current rating on the Bonds and all conditions precedent in the Indenture have been

satisfied, the Trustee shall join Florida Housing in the execution of any such supplemental indenture. The Trustee promptly shall 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**

Florida Housing and the Trustee may, with the consent of Bondholders owning not less than 51% 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 of the Indenture provided, however, that nothing in the Indenture shall permit, or shall 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 (other than the owners of any Excluded Bonds);
- (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 (other than the owners of any Excluded Bonds);
- (c) a preference or priority of any Bond or Bonds (other than Excluded Bonds) over any other Bond or Bonds, without the consent of the owners of all such Bonds (other than the owners of Excluded 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 (other than Excluded 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 (other than Excluded 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 (other than Excluded 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 (other than Excluded 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 (other than Excluded Bonds) then Outstanding; or

(i) the amendment of the provision of the Indenture described under this heading without the consent of the holders of all of the Bonds (other than Excluded Bonds) then Outstanding.

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. Notice of any amendment pursuant to this Section shall be given to the Bondholders promptly following the execution of such amendment.

#### **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 (provided to the Trustee) 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 ("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 Tax Exempt Bonds from gross income for federal income tax purposes. No such exchange shall require the approval of Florida Housing, 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 the Indenture provisions described in subsection (a) above, which does not prejudice in any material respect the interests of the Bondholders.

(c) Other Amendments of the Credit Facility. Except as provided in the Indenture provisions described in subsections (a) and (b) above, the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority of all Outstanding Bonds (other than the owners of Excluded 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.

### **Required Approvals**

Subject to the provisions of the Indenture, no amendment, supplement or modification may be made to any Transaction Document without the prior written consent of the following: (i) prior to the Conversion Date, the Bank (while the Letter of Credit is in effect) or any Alternate Credit Provider (while an Alternate Credit Facility is in effect), and Fannie Mae; (ii) from and after the Conversion Date, Fannie Mae; and (iii) from and after the Transition Date, the Bank (while the Letter of Credit is in effect) or any Alternate Credit Provider (while an Alternate Credit Facility is in effect). Anything in the Indenture to the contrary notwithstanding, a supplement or amendment or other document described under the Indenture provisions relating to supplemental indentures and amendments which materially and adversely affects any rights or obligations of the Borrower shall 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 shall have occurred 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 shall not be required to enter into any supplement or amendment which adversely affects the Trustee's rights and duties under the Indenture.

### **Action Required to be taken on a Non-Business Day**

If the date for making any payment or any date on which action is required to be taken is not a Business Day, then any action required to be taken or any payment required to be made may be taken or made on the following Business Day with the same force and effect as if made or taken on the date otherwise provided for in the Indenture and, in the case of any payment date, no interest will accrue for the period from and after such date.

### **Governing Law**

The Indenture shall be governed by and interpreted in accordance with internal laws of the State without regard to conflicts of laws principles.

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS  
OF THE FINANCING AGREEMENT**

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

**The Loan**

Florida Housing has authorized the issuance of the Bonds in the aggregate principal amount of \$11,575,000. Florida Housing has agreed to make the Loan in the amount of \$11,575,000 to the Borrower with the Net Bond Proceeds. Upon the issuance and delivery of the Bonds, Florida Housing will deliver the Net Bond Proceeds to the Trustee. The Loan shall be deemed made in full upon deposit of the Net Bond Proceeds into the Loan Fund as provided in the Indenture. The Borrower accepts the Loan from Florida Housing upon the terms and conditions set forth in the Financing Agreement and the Loan Documents, subject to the Indenture, the Regulatory Agreement and the Assignment. Disbursements will be made from the Loan Fund as provided in the Indenture. The Borrower agrees to apply the proceeds of the Loan to pay Costs of the acquisition, rehabilitation, equipping and permanent financing for the Development.

**Credit Facility**

The Borrower has agreed to cause credit enhancement for the Loan or the Bonds (other than Excluded Bonds) and liquidity support for the Bonds (other than Excluded 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.

(a) Substitution Prior to Conversion Date. Prior to the Conversion Date, the Borrower may, upon satisfaction of the conditions set forth in the Indenture, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Letter of Credit but only if (i) the Alternate Credit Facility, by its terms, has a term expiring no earlier than five days following the Outside Conversion Date and (ii) terminates on the Conversion Date upon the Trustee's receipt of the Fannie Mae Credit Facility. On the Conversion Date, the Fannie Mae Credit Facility, and only the Fannie Mae Credit Facility, shall be substituted for the Credit Facility then in effect; provided, however, that Fannie Mae's obligation to provide the Fannie Mae Credit Facility is subject to the satisfaction of all of the terms and conditions of the Fannie Mae Commitment and the satisfaction of all of the Final Conditions to Conversion set forth in the Conversion Agreement on or before the Termination Date.

(b) Substitution after the Earlier of the Conversion Date or the Transition Date. After the earlier of the Conversion Date or the Transition Date, the Borrower may, upon satisfaction of

the conditions set forth in the Indenture, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Credit Facility then in effect.

### **Payment of Fees, Costs and Expenses**

In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Note, the Reimbursement Agreement and the Credit Facility Documents, the Financing Agreement requires the Borrower to pay, when due, without duplication, the fees, expenses and other sums described in this Section as provided in the Financing Agreement:

(a) Fees Due at Closing. The Borrower shall pay or provide for the payment of all Costs of Issuance and the Trustee's acceptance fee, if any, on the Closing Date.

(b) Third Party Fees. The Borrower shall pay the Florida Housing Fee and without duplication, any other Third Party Fees, on the 15th day of each month, commencing on May 15, 2004. Each monthly payment shall be in an amount equal to the aggregate of the Florida Housing Fee and any other Third Party Fees prorated monthly so that the Trustee shall have the full amount of each fee available in the Fees Account to pay the Florida Housing Fee and each of the other Third Party Fees as it falls due without regard to whether any such fee is payable monthly, annually or on any other periodic basis. The Third Party Fees shall be paid to the Trustee for remittance to the Persons to whom such fees are due.

(c) Fees and Expenses. The Borrower shall pay the following fees and expenses directly to the Person to whom such payments are due.

- (1) Rating Agency. The annual rating maintenance fee of each Rating Agency.
- (2) Extraordinary Items. The Extraordinary Items.
- (3) Certain Advances, Expenses and other Items. All advances, expenses, costs and other charges of each of Florida Housing, the Florida Housing Servicer, the Rebate Analyst, the Remarketing Agent, the Tender Agent and the Trustee, including legal fees and expenses, incurred from time to time, but only to the extent that any such amounts are payable by the Borrower pursuant to an agreement between the Borrower and such Person regarding its services in connection with the Bonds or the Loan.
- (4) 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.
- (5) 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.

- (6) Conversion. All fees, costs and expenses in connection with the Conversion.
- (7) Certain Trustee Fees. The Trustee Fees described in subsection (c) of the definition of Trustee Fees in the Indenture.

#### **Personal Liability of Borrower**

(a) Except as provided in subsection (b) below, the obligations of the Borrower under the Financing Agreement and the obligations of the Borrower under the Regulatory Agreement to pay the items enumerated in paragraphs (1) through (11) below, including the financial obligations of the Borrower with respect to the Reserved Rights, shall be (i) general obligations of the Borrower with recourse to the Borrower provision described in paragraph (b) below, personally, and (ii) subordinate and junior in priority, right of payment and all other respects to any and all obligations of the Borrower under the Loan Documents and to the Credit Provider under or in respect of the Credit Facility Documents, and Florida Housing and the Trustee shall have the right to seek a judgment for money damages and to enforce payment of any item enumerated in paragraphs (1) through (11) below:

- (1) the Florida Housing Fee, the Trustee's Fees and the Florida Housing Servicer's Fee and reasonable extraordinary costs and expenses, including but not limited to legal fees and, subject to terms of the Assignment, reasonable costs and expenses of Bond Counsel, Special Counsel to Florida Housing and Counsel for the Trustee incurred in connection with the interpretation, performance or enforcement of the Indenture, the Financing Agreement, the Regulatory Agreement, the Loan Commitment or the other Loan Documents;
- (2) indemnification under the provisions of the Financing Agreement and under equivalent provisions of the Regulatory Agreement and the other Loan Documents, other than Loan payment covenants;
- (3) liability under the Guaranty of Completion, Guaranty of Recourse Obligations, the Environmental Indemnity and the Operating Deficit Guaranty or any other guaranty entered into with Florida Housing or the Trustee;
- (4) misapplication of Development leases, rents, profits and issues following any payment default (without regard to the expiration of any cure period, if any) provided that Florida Housing's recourse is limited as provided in the Assignment;

- (5) liability for intentional waste, destruction or damage to the Development or any part of it, provided that Florida Housing's recourse is limited as provided in the Assignment;
- (6) misapplication of tenant security deposits or prepaid rent provided that Florida Housing's recourse is limited as provided in the Assignment;
- (7) liability and indemnification for assessment, removal or cleanup of environmental hazards or suspected environmental hazards on or migrating from the Development premises;
- (8) any obligations under the Regulatory Agreement (other than the payment of principal and interest on the Note) and under the Rebate Agreement, provided that Florida Housing's recourse is limited as provided in the Assignment;
- (9) condemnation awards (including payments in lieu of condemnation) and/or insurance proceeds to the extent such amounts are not applied as required by the Security Instrument;
- (10) costs to restore the Development as a result of a casualty if the Insurance Proceeds are applied to restoration, to the extent the costs of such restoration are not reimbursed by insurance; and
- (11) any liability, damage, cost or expense incurred by Florida Housing and/or the Trustee as a result of any fraud, material misrepresentation or bad faith by the Borrower,

all of which foregoing obligations shall bear interest at the rate of eighteen percent (18%) per annum from the due date thereof (or, in the case of liability and indemnification for removal or cleanup of environmental hazards, from the date demand for payment thereof is made) until the date paid in full. The foregoing is not intended to alter the nonrecourse nature of the Loan to the Borrower under the Code.

(b) Nothing in the above described provisions of the Financing Agreement (or similar provisions in any other Borrower Documents) shall limit any liability of Borrower, its general partner or any other person under the Borrower Guaranties. Nothing in the above described provisions of the Financing Agreement shall apply to the obligations of the Borrower under any of the Loan Documents.

#### **Obligations Unsecured**

Notwithstanding any other provision of the Financing Agreement or any other Transaction Document to the contrary, 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.

### **Events of Default**

Each of the following constitutes an Event of Default under the Financing Agreement:

- (a) The failure by the Borrower to pay when due any amount payable by the Borrower under the Financing Agreement.
- (b) The failure by the Borrower to observe or perform any covenant or obligation in the Financing Agreement (excluding covenants relating to continuing disclosure and off-site records retention) 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 payable on the Tax Exempt Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within 90 days of receipt of notice of such failure.
- (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 has occurred and is continuing under the Financing Agreement, Florida Housing may take any one or more 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 Mortgaged Property**

Neither Florida Housing 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 Mortgaged Property 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 following parties (i) prior to the Conversion Date and from and after the Transition Date, the Bank or if an Alternate Credit Facility is in effect, the Alternate Credit Provider (ii) prior to the Transition Date, Fannie Mae and the Loan Servicer, and (iii) at such time as an Alternate Credit Facility is in effect, the Alternate Credit Provider, subject in each case to the provisions of the Financing Agreement.

### **Governing Law**

The Financing Agreement will be construed and the obligations, rights and remedies of the parties under the Financing Agreement will be determined, in accordance with the laws of the State without regard to conflicts of laws principles, except to the extent that the laws of the United States of America may prevail.

### **Limited Liability of Florida Housing**

All obligations of Florida Housing under the Financing Agreement, the Regulatory Agreement and the Indenture shall be limited obligations of Florida Housing, 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 Florida Housing except as provided in the Indenture. No member, director, officer, agent, employee or attorney of Florida Housing, including any person executing the Financing Agreement on behalf of Florida Housing, shall be liable personally under the Financing Agreement. No recourse shall be had for the payment of the principal of premium, if any, 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 Florida Housing 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 attached is a brief summary of certain provisions 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.*

#### **Covenants and Restrictions on Use of Property.**

Florida Housing and the Borrower have declared their understanding and intent that, during the Term of the Regulatory Agreement, the Development is to be owned, managed and operated, as a "qualified residential rental project" as such phrase is utilized in Section 142(d) of the Code. To that end, and for the Term of the Regulatory Agreement, the Borrower has represented, covenanted and agreed as follows:

- (a) that the Development is being financed for the purpose of providing multi-family rental housing units to be made available for rental to members of the general public (including Low-Income Tenants), and the Borrower shall own, manage and operate the Development as a qualified residential rental project in accordance with Section 142(d) of the Code and Treasury Regulations promulgated thereunder, as the same may be amended from time to time throughout the Qualified Project Period;
- (b) that all of the units in the Development are similarly constructed and each such unit contains complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family and that units occupied by Low-Income Tenants will be reasonably interspersed throughout the Development;
- (c) that during the Term of the Regulatory Agreement, (i) none of the units in the Development shall at any time be utilized on a transient basis; (ii) none of the units in the Development shall ever be leased or rented for a period of less than six (6) months; (iii) neither the Development nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer court or park, or health club or recreational facility (other than recreational facilities that are available only to tenants and their guests without charge for their use and that are customarily found in multifamily rental housing projects); (iv) none of the occupants of such units shall be provided services customarily found in hotels such as room service for food and beverages, maid service, furnishing and laundering of linens or valet service and (v) the Borrower shall not provide continued or frequent nursing, medical or psychiatric services to residents of the Development;
- (d) that during the Term of the Regulatory Agreement, (i) the units in the Development shall be leased and rented or made available for rental on a continuous basis to members of the general public; (ii) at least forty percent (40%), in accordance with the Code, of the units in the Development shall be occupied by Low-Income Tenants; and (iii) the Borrower shall not give preference in renting units in the Development to any particular class or group of

persons, other than Low-Income Tenants as provided in the Regulatory Agreement; provided, however, that an insubstantial number of units in the Development, not to exceed five (5) units, may be occupied by maintenance, security or managerial employees of the Borrower or its property manager, which employees must be reasonably necessary for operation of the Development;

(e) that during the Term of the Regulatory Agreement, no part of the Development will at any time be owned or used by a cooperative housing corporation;

(f) that the Development consists of one or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which are (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more tracts of land which are contiguous except for being separated only by a road, street, stream or similar property, and (iii) financed by the Loan or otherwise pursuant to a common plan of financing as provided in the Regulatory Agreement;

(g) that during the Term of the Regulatory Agreement, the Development will not include a unit in a building where all units in such building are not also included in the Development;

(h) that during the Term of the Regulatory Agreement, the Borrower will not convert the Development to condominium ownership (unless otherwise allowed by the Code);

(i) that during the Term of the Regulatory Agreement, no unit in the Development shall be occupied by the Borrower at any time unless such person(s) resides in a unit in a building or structure which contains at least five (5) units and unless the resident of such unit is a resident manager or other necessary full-time employee (e.g., maintenance and security personnel);

(j) that after fifty percent (50%) of the units in the Development are first occupied or upon delivery of the Bonds, whichever is later, the Borrower shall prepare and submit to Florida Housing a certificate in recordable form for purposes of the calculation of the commencement and termination of the Qualified Project Period as extended by the Regulatory Agreement;

(k) that substantially all (at least 95%) of the sum of the aggregate amount disbursed from the net proceeds of the Tax Exempt Bonds will be used to finance the acquisition of equipment or the acquisition, construction or rehabilitation of buildings that qualify as multi-family construction rental housing or facilities related and/or subordinate thereto or for other qualifying costs pursuant to the Code;

(l) that the Borrower shall not discriminate on the basis of race, religion, color, age, sex, marital status, familial status, disability or national origin in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development; provided, however, that nothing in the Regulatory Agreement shall be deemed to preclude the Borrower from discrimination

based on income or reported tenant problems relating to the applying tenant or tenants in renting units set aside for Low-Income Tenants in compliance with the requirements of the Code;

(m) that Florida Housing reserves the right to approve all advertisements with respect to the Development for compliance and consistency with current Florida Housing policies and that the Borrower will withdraw from circulation advertisements determined by Florida Housing to violate or be inconsistent with its policies;

(n) that the Borrower shall submit an annual report to the Secretary of the Department of Treasury as required by Section 142(d)(7) of the Code and deliver a copy thereof to Florida Housing and to the Trustee;

(o) prior to the Bond Closing date and prior to the firm leasing any unit in the Development, the Borrower must obtain Florida Housing's and the Credit Provider's approval for the management company selected to manage the Development. The Compliance Staff of Florida Housing must be advised of any change in the Borrower's selection of a management company and any such new management company must be approved by Florida Housing and the Credit Provider prior to the firm assuming responsibility for the Development. In addition, the Borrower must keep the Compliance Staff of Florida Housing apprised of the progress of completion of rehabilitation of the Development. The Borrower or an authorized representative must attend a Florida Housing Compliance Training Workshop prior to the leasing of any unit.

(p) that the Borrower shall make every effort to rehabilitate existing units (i) without displacing existing tenants, or (ii) by temporarily moving existing tenants to unaffected units within the Development until the renovation of affected units is completed.

### **Low-Income Tenants**

In order to satisfy the requirements of the Act and the Code, and Borrower's further agreements with Florida Housing , the Borrower hereby represents, covenants and agrees that, during the Qualified Project Period:

(a) Commencing with the first day on which at least ten percent (10%) of the units in the Property are occupied or on the date of delivery of the Bonds, whichever is later, at least forty percent (40%) of the completed and occupied units in the Property shall be occupied by Low-Income Tenants, prior to the satisfaction of which no additional units shall be rented or leased to any other tenants, and after initial rental occupancy of such units by Low-Income Tenants, at least forty percent (40%) of the units in the Property at all times shall be rented to and occupied by (or held available for rental by, if previously rented to and occupied by a Low-Income Tenant) Low-Income Tenants as required by Section 142(d) of the Code. For purposes of satisfying the above requirements, commencing with the date of delivery of the Bonds, the determination of income will be made both on the date the Low-Income Tenant first occupies a unit in the Property and on a continuing basis. Increases in a Low-Income Tenant's income of up to one hundred forty percent (140%) of the applicable limit (adjusted for family size) will not result in disqualification. In the event that a Low-Income Tenant's income increases to a level more than one hundred forty percent (140%) of the applicable limit (or if a Low-Income Tenant's

family size decreases so that a lower maximum income applies to the Low-Income Tenant), that Low-Income Tenant may no longer be counted toward satisfaction of the low-income requirement. The fact that such tenant's gross income exceeds 140% of the applicable income limit shall not place the Property in non-compliance so long as the next residential rental unit of comparable or smaller size in the Property which becomes vacant shall be rented to a Low-Income Tenant. Said income requirements shall be adjusted for family size in accordance with income limits published, from time to time, by the United States Department of Housing and Urban Development.

Notwithstanding the forgoing, the Borrower has agreed to increase the requirements of the Code and has agreed that at least eighty-five percent (85%) of the units in the Development (245 units) shall be occupied or reserved for occupancy by Low-Income Tenants. The foregoing requirement must be satisfied within twelve (12) months of the issuance of the Bonds. The Borrower has also committed that the units within the Development shall be rented to Family Households.

For the purposes of satisfying the requirements above that at least forty percent (40%) of the completed and occupied units in the Development be occupied by Low-Income Tenants on the delivery date of the Bonds, the Borrower may rely upon its knowledge with respect to the number of vacant units that may be reserved for Low-Income Tenants, its knowledge with respect to the number of tenants receiving vouchers under Section 8 of the United States Housing Act of 1937 and its review of the rent roll and other available records. THE Borrower, however, shall obtain within sixty (60) days of the date of delivery of the Bonds, executed Tenant Income Certifications from a sufficient number of Low-Income Tenants to evidence compliance with the requirement that at least forty percent (40%) of the units in the Development are occupied by Low-Income Tenants taking into account the vacant units that are reserved for Low-Income Tenants.

#### **Sale or Transfer of Development.**

The Borrower shall not enter into a sale, lease, exchange, assignment, conveyance, transfer or other disposition of all or substantially all of the Development and Borrower's principals shall not enter into a sale, exchange, assignment, conveyance, transfer or other disposition of all or a controlling interest in the Borrower (collectively, a "Disposition") without the prior written consent of Florida Housing; provided, however, a conveyance caused by death of any principal of the Borrower shall not be deemed a Disposition. The Development shall not be transferred by the Borrower to the person or any "related person" of the person from which it was acquired (within the meaning of the Code) before five (5) years from the date of the recording of the Regulatory Agreement. The Borrower has agreed that any Disposition of the Development by Borrower in violation of this paragraph shall be null, void and without effect, shall cause a reversion of title to the transferor, and shall be ineffective to relieve the Borrower of its obligations under the Commitment, the Regulatory Agreement, the Security Instrument, the Financing Agreement and any other document, agreement or instrument evidencing or securing the Borrower's obligations thereunder.

## **Enforcement.**

If the Borrower defaults in the performance of its obligations under the Regulatory Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by the Trustee, Florida Housing, the Florida Housing Servicer or the Loan Servicer to the Borrower and the Guarantors (or for an extended period approved in writing by Bond Counsel, if such default stated in such notice can be corrected, but not within such thirty (30) day period, and if the Borrower or the Guarantors commences such correction within such thirty (30) day period, and thereafter diligently pursues the same to completion within such extended period), then Florida Housing may seek, as its sole remedy under the Regulatory Agreement specific performance of any covenant in the Regulatory Agreement or such other remedy as may be deemed most effective by Florida Housing to enforce the obligations of the Borrower with respect to the Development. The occurrence of a default under the Regulatory Agreement will not, under any circumstances, constitute a default under the Note or the Security Instrument, for so long as Fannie Mae is the Credit Provider.

Florida Housing shall have the right to enforce the Regulatory Agreement and require curing of defaults in such shorter periods than specified above as Bond Counsel may determine necessary to maintain the tax-exempt status of interest on the Tax Exempt Bonds. Florida Housing shall be entitled to take any actions on behalf of the Borrower necessary to cure any default under the Regulatory Agreement, and shall be entitled to reimbursement from the Borrower of its costs with respect thereto.

Notwithstanding any other provision of the Regulatory Agreement to the contrary, so long as Fannie Mae is the Credit Provider and a Wrongful Dishonor has not occurred or, if it has occurred, is not continuing, neither Florida Housing nor the Trustee may:

- (i) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Loan; or
- (ii) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Loan, including, without limitation, Fannie Mae's remedial rights under the Loan Documents upon the occurrence of an event of default by the Borrower under the Loan; or
- (iii) upon the occurrence of an event of default under the Loan or under this Agreement, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan;

it being understood and agreed that neither Florida Housing nor the Trustee may, without prior written consent of Fannie Mae, on account of any default under the Regulatory Agreement, (a) cause or direct acceleration of the Loan, (b) enforce the Note, (c) foreclosure the Mortgage, (d) cause the Trustee to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable, or (e) cause the Trustee to foreclose or take any other action under the Bond Documents, the Loan Documents or any other

documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (d). No person other than Fannie Mae shall have the right to (a) declare the principal balance of the Note to be immediately due and payable or (b) commence foreclosure or other like action without express written authorization from Fannie Mae. No obligation of the Borrower under the Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Borrower, occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or otherwise, shall be secured by or in any manner constitute a lien on, or security interest in, the Development, whether in favor of Florida Housing, the Trustee or any other person, and all such obligations shall be subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Loan Documents. Accordingly, neither Florida Housing nor the Trustee shall have the right to enforce any monetary obligation other than directly against the Borrower, without recourse to the Development.

The foregoing prohibitions and limitations are not intended to limit the rights of Florida Housing or the Trustee to specifically enforce the Regulatory Agreement in order to provide for the operation of the Development in accordance with the requirements of the Code and state law, and shall not be construed to limit the rights of Florida Housing to enforce its rights against the Borrower under the indemnification provisions of the Regulatory Agreement.

Promptly upon determining that a violation of the Regulatory Agreement has occurred, Florida Housing or the Trustee shall, by notice in writing to the Loan Servicer, the Florida Housing Servicer and the Credit Provider, inform the Loan Servicer, the Florida Housing Servicer and the Credit Provider that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable.

#### Term of Agreement.

(a) The Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect until the later of (i) the payment in full of the Bonds or (ii) the expiration of the Qualified Project Period as extended whichever is later, it being expressly agreed and understood that the provisions of the Regulatory Agreement may survive the repayment in full of the Bonds, if such repayment occurs prior to the later of such events. Upon the termination of the Regulatory Agreement, upon request of any party thereto, Florida Housing, the Trustee, the Borrower and any successor party thereto shall execute a recordable document prepared by Florida Housing or its counsel further evidencing such termination.

(b) Notwithstanding the foregoing, the Regulatory Agreement will be binding upon the Borrower and any of its successors and assigns and upon Florida Housing and any of its successors for so long as there is an amount outstanding under the Note.

(c) Notwithstanding the foregoing, the Regulatory Agreement shall automatically terminate in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency that prevents Florida Housing from enforcing the provisions of the Regulatory Agreement, or condemnation or a similar event (as determined by Bond Counsel) or, after the Conversion Date foreclosure or deed in lieu of foreclosure, but then only if (i) within a reasonable period, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a development which meets the requirements thereof, or (ii) the proceeds received as a result of such event are used to finance a development that complies with the provisions of the Regulatory Agreement and any other applicable requirements of Section 142(d) of the Code and of the Treasury Regulations adopted pursuant thereto. Upon a termination of the Regulatory Agreement pursuant to the preceding sentence, Florida Housing, the Trustee and the Borrower (and any successor to any of the foregoing) shall execute a recordable document further evidencing such termination. In the case of foreclosure or transfer of title by deed in lieu of foreclosure or similar event (as determined by Bond Counsel), such termination will cease to be in effect (and the Regulatory Agreement shall have lien priority relating back to the date it is first recorded) if at any time during the remainder of the Qualified Project Period, the Borrower or an Affiliated Party to the Borrower obtains an ownership interest in the Development for federal tax purposes.

(d) Notwithstanding any other provisions of the Regulatory Agreement, the entire Regulatory Agreement, or any of the provisions or Sections thereof, may be terminated upon agreement by Florida Housing, the Trustee and the Borrower if there shall have been received an opinion of Bond Counsel that such termination will not adversely affect the exemption from federal income taxation of the interest on the Bonds.

#### **Additional Fannie Mae Provisions.**

Notwithstanding any other provision of the Regulatory Agreement to the contrary, the following provisions shall apply so long as Fannie Mae is the Credit Provider and a Wrongful Dishonor has not occurred or, if it has occurred, is not continuing:

(a) **Obligations Not Secured by the Development.** The obligations of the Borrower and any subsequent owner of the Development under the Regulatory Agreement shall not be secured by or constitute a lien on, or security interest in, the Property.

(b) **Obligations Personal.** Florida Housing agrees that no owner of the Development (including Fannie Mae) subsequent to the Borrower will be liable for, assume or take title to the Development subject to:

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

- (2) the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed under the Regulatory Agreement by any prior owner of the Development.

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

(c) Sale or Transfer. All restrictions on sale or transfer of the Development or of any interest in the Borrower, consents of Florida Housing or the Trustee, transfer agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Development to Fannie Mae or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan or to any subsequent transfer by Fannie Mae following foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan. Nothing contained in the Regulatory Agreement shall affect any provision of the Mortgage or any of the other Loan Documents which requires 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 Development or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Mortgage. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall apply to a transfer to Fannie Mae upon foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan by Fannie Mae, or to any subsequent transfer by Fannie Mae following foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan.

(d) Regulatory Agreement Default. Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(1) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Mortgage.

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

(3) Upon any default by the Borrower under the Regulatory Agreement, the Assignment shall govern the remedies and other actions which Florida Housing may take on account of such default.

(e) Damage, Destruction or Condemnation of the Development. In the event that the Development is damaged or destroyed or title to the Development, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Mortgage and the other Loan Documents.

**APPENDIX E**

**SUMMARY OF CERTAIN PROVISIONS OF  
THE BANK REIMBURSEMENT AGREEMENT**

The following statements are a brief summary of certain provisions of the Bank Reimbursement Agreement. The summary does not purport to be complete, and reference is made to the Bank Reimbursement Agreement for a full and complete statement of the provisions thereof.

Under the Bank Reimbursement Agreement, the Bank agrees that it will issue the Letter of Credit for the benefit of the Trustee concurrently with the issuance and delivery of the Bonds, subject to the execution of and satisfaction of certain conditions set forth in the Bank Reimbursement Agreement. Under the Bank Reimbursement Agreement, the Trustee shall have the right to draw upon the Letter of Credit to pay certain amounts owing under the Bonds and the Borrower agrees that it will immediately reimburse the Bank for such amounts drawn by the Trustee under the Letter of Credit.

The Bank Reimbursement Agreement sets forth various representations, warranties and covenants relating to disbursement of Bond proceeds, maintenance of existence, compliance with laws, maintenance of insurance, compliance with the Indenture and other contracts, maintenance of properties, reporting requirements, continuing disclosure and certain financial covenants.

The Bank Reimbursement Agreement also defines certain events of default thereunder, including, without limitation, the failure to pay to the Bank any reimbursement or other sum due under the Bank Reimbursement Agreement, the failure to comply with any covenant thereunder or under any security agreement, the breach of any representation or warranty, and the occurrence of an Event of Default as defined in certain documents related to the Bonds (the "Bond Documents") and certain documents related to the Development (the "Project Documents").

The Bank Reimbursement Agreement provides that if an Event of Default has occurred and is continuing uncured under the Bank Reimbursement Agreement, the Bank may exercise all remedies provided for in the documents delivered to the Bank in connection with the Bank Reimbursement Agreement, the Project Documents and the Bond Documents including, without limitation, the following:

- (a) deliver to the Trustee written notice that an Event of Default has occurred under the Bank Reimbursement Agreement and directing the Trustee to take such action pursuant to the Loan Documents as the Bank may determine, including, without limitation, a request that the Trustee draw on the Letter of Credit and request that the Trustee declare the principal of all or a portion of the Bonds then outstanding and the interest accrued thereon to be immediately due and payable in accordance with the terms and conditions of the Indenture;

- (b) demand cash collateral in the full amount of the obligations under the Bonds (to the extent related to the Borrower's obligations under the Bank Reimbursement Agreement) whether or not then due and payable by the Bank under the Letter of Credit); and
- (c) exercise any rights and remedies available to the Bank under the Bank Reimbursement Agreement.

## **APPENDIX F**

### **SUMMARY OF CERTAIN PROVISIONS OF THE FANNIE MAE REIMBURSEMENT AGREEMENT**

The Credit Facility is issued pursuant to the Amended and Restated Fannie Mae Reimbursement Agreement (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; or
- (b) [RESERVED];
- (c) the occurrence of any Event of Default by the Borrower under any Transaction Document other than the Reimbursement Agreement beyond any cure period set forth in that Transaction Document; or
- (d) fraud or material misrepresentation or material omission by the Borrower, or any of its officers, directors, trustees, general partners or managers, the Key Principal or any guarantor:
  - (1) 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 to the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or
  - (2) in connection with (A) the application for or creation of the Loan or the Credit Enhancement Commitment or the Liquidity Commitment 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 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 to the Loan Servicer pursuant to the Reimbursement Agreement or any other Borrower Document; or

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

(f) any failure by the Borrower to perform or observe any of its obligations under the Reimbursement Agreement (other than as set forth in subsections (a) through (d) above), as and when required, which continues for a period of 30 days after notice of such failure by 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

(g) written notice from Fannie Mae to the Borrower that Pledged Bonds have not been remarketed within one year following the purchase of such Bonds by the Trustee on behalf of the Borrower and that the Borrower has not reimbursed Fannie Mae in full for the Advance and the Activity Fee;

(h) the (A) Borrower fails to pay when due or within any applicable grace period any amount payable by the Borrower under any Hedging Arrangement (as defined in the Reimbursement Agreement), or (B) occurrence of an event of default that is not cured within the applicable grace period, however described under any Hedging Arrangement; or

(i) the Borrower fails to perform certain obligations under the Reimbursement Agreement on or before the Liquidity Action Date (as defined in the Fannie Mae Reimbursement Agreement) if the Liquidity Expiration Date (other than a Liquidity Expiration Date which is on or after the Credit Enhancement Expiration Date, the Credit Enhancement Termination Date or the Maturity Date) is not extended for any reason.

#### **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 Fannie Mae 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, Fannie Mae 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 Fannie Mae against the Borrower and/or in and to the Mortgaged Property, including, but not limited to, any one or more of the following actions:

(a) deliver to the Trustee written notice that an Event of Default has occurred under the Reimbursement Agreement and direct the Trustee to take such action pursuant to the Transaction Documents as Fannie Mae may determine, including a request that the Trustee declare the principal of all or a portion of the Bonds then Outstanding and the interest accrued

thereon to be immediately due and payable in accordance with the terms and conditions of the Indenture;

(b) demand cash collateral or Permitted Investments in an amount equal to the maximum liability of Fannie Mae under the Fannie Mae Credit Facility 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.

### **Waiver**

Fannie Mae has 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

### FORM OF THE CONTINUING DISCLOSURE AGREEMENT

*The attached is a form of the Continuing Disclosure Agreement. This form does not purport to be complete or definitive and is qualified in its entirety by reference to the Continuing Disclosure Agreement, a copy of which is on file with the Trustee.*

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by The Arlington LP, a Georgia limited partnership doing business in the State of Florida as Arlington Bencor LP, a Florida limited partnership (the "Borrower") and Wells Fargo Bank, National Association, as Dissemination Agent (the "Dissemination Agent") under a Trust Indenture dated as of May 1, 2004 between the Florida Housing Finance Corporation (the "Florida Housing") and the Wells Fargo Bank, National Association, as Trustee (the "Indenture") in connection with the issuance of its Multifamily Mortgage Revenue Bonds, 2004 Series \_-1 (The Arlington Apartments) (the "Tax Exempt Bonds") and its Taxable Multifamily Mortgage Revenue Bonds, 2004 Series \_-2 (The Arlington Apartments) (the "Taxable Bonds") (collectively, the "Bonds"). The proceeds of the Bonds are being loaned by the Florida Housing to the Borrower pursuant to a Financing Agreement dated as of May 1, 2004 between the Florida Housing and the Borrower (the "Financing Agreement"). Pursuant to Section 5.12 of the Financing Agreement, the Borrower and the Dissemination Agent covenant and agree as follows:

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

"Annual Report" shall mean any Annual Report prepared by the Borrower pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

"Business Day" shall mean a day on which commercial banks located in Jacksonville, Florida are required or permitted by law to be open for the purpose of conducting a commercial banking business.

"Disclosure Representative" shall mean the authorized representative of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Holder" shall mean the registered holder of any Bond as reflected on the Bond register maintained in accordance with the Indenture, or any beneficial owner reflected on the books of the registered holder.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the state in which the Florida Housing is located as a state repository for the purpose of the Rule.

2. Provision of Annual Reports.

(a) Not later than one hundred twenty (120) days after the end of the Borrower's fiscal year (currently December 31), commencing with fiscal year 2004, the Borrower shall provide to the Dissemination Agent, an Annual Report prepared by an independent certified public accounting firm, together with sufficient copies of such Annual Report for filing with each Repository. However, an annual financial statement compiled or reviewed by a licensed certified public accountant may be submitted in lieu of an audited financial statement for the Development prior to the issuance of a certificate of occupancy for any unit in the Development, provided that the subsequent annual audited financial statement shall include all operations since inception. If the Dissemination Agent has not received the Annual Report by such date, the Dissemination Agent shall notify the Borrower in writing by facsimile transmission, confirmed by telephone.

(b) The Dissemination Agent shall, as soon as practical, but in no event later than the fourteenth (14th) Business Day following receipt of an Annual Report, provide such Annual Report to each Repository.

(c) If an Annual Report is not filed on or before the date required in any year, the Dissemination Agent shall send a notice to each Repository and the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) provide a written report to the Borrower stating that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) Annual Reports must be provided annually notwithstanding any fiscal year longer than twelve (12) months. The Dissemination Agent shall notify each Repository and the Municipal Securities Rulemaking Board of each change in the Borrower's fiscal year.

3. Content of Annual Reports. The Annual Report prepared by Borrower shall contain or incorporate by reference the following:

The certified audited financial statements of the Borrower for the prior fiscal year, including income statement, balance sheet, and cash flows of operations of The Arlington Apartments (the "Property"), prepared in accordance with generally accepted accounting principals as promulgated from time to time by the Financial Accounting Standards Board. The Borrower shall also include in each Annual Report the Property's current occupancy levels, current monthly rental rates and the current expenditures for monthly maintenance, taxes and property insurance.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so incorporated by reference. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package.

The Dissemination Agent shall have no duty or obligation to review the content of the Annual Report for compliance with this Agreement or the Rule, but shall file the Annual Report in the form it is received by the Dissemination Agent.

4. Reporting of Listed Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events affecting the tax-exempt status of the bonds;

(vii) Modifications to rights of security holders;

(viii) Bond calls (not including mandatory scheduled redemption not contingent upon the occurrence of an event);

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds; and

(xi) Rating changes (including those relating to the Bonds, credit enhancers, the Borrower, reserve fund surety bonds, providers of guaranteed investment contracts, and other entities directly or indirectly securing payment of the Bonds).

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, provide the Borrower with notice (by facsimile transmission confirmed by telephone), and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f). The Dissemination Agent shall not be deemed to have actual knowledge of those items listed in clauses (ii), (vi), (vii), (x), and (xi) without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Borrower, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event, because of notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall as soon as possible determine if such event is required by the Rule to be disclosed.

(d) If the Borrower has determined that a Listed Event is required to be disclosed, the Borrower shall promptly prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (f) below.

(e) If the Borrower determines that a Listed Event is not required to be disclosed, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been provided with a written notice describing the Listed Event and instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file the notice with the Municipal Securities Rulemaking Board and the Repositories. The foregoing notwithstanding, notice of a Listed Event described in subsections (a)(viii) and (ix) need not be given under this

subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

5. Successors. If the Borrower's obligations under the Financing Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower and the original Borrower shall have no further responsibility hereunder. If the Trustee's obligations under the Indenture are assumed in full by a successor trustee, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the and the original Dissemination Agent shall have no further responsibility hereunder.

6. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) if in the opinion of counsel expert in federal securities law matters affecting governmental bonds acceptable to the Borrower and the Dissemination Agent, (i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Borrower, or the type of business it conducts, (ii) this Disclosure Agreement, as amended, would have complied with the Rule at the time the Bonds were issued, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) the amendment does not materially impair the interests of the Holders. A copy of any amendment to this Disclosure Agreement shall be delivered to each Repository and to the Municipal Securities Rulemaking Board.

7. Termination. The Borrower and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance pursuant to the Indenture, prior redemption or payment in full of all of the Bonds. The Dissemination Agent shall give notice of any such termination to each Repository and the Municipal Securities Rulemaking Board.

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

9. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and at the request of the Holders of at least 25% in aggregate principal amount of the Bonds, shall), or any Holder may, take such action as permitted hereby. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an

action to compel performance. Anything herein to the contrary notwithstanding, the Dissemination Agent shall not be required to bring any enforcement action unless provision has been made to the satisfaction of the Dissemination Agent for payment of all fees and expenses of the Dissemination Agent and its counsel in connection with such action.

10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent has entered into this Disclosure Agreement solely in its capacity as Dissemination Agent under the Indenture. Article IX of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were contained in the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Neither the Trustee nor the Dissemination Agent shall have any obligation to make disclosure about the Bonds, the Borrower, or any other matter except as expressly provided herein. The fact that the Dissemination Agent and the Trustee, or any affiliate thereof, may have any fiduciary or banking relationship with the Florida Housing, the Borrower, any manager of the Property financed with the Bonds or any person with whom Florida Housing or the Borrower contracts in connection with such Property, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean (i) that the Trustee or the Dissemination Agent has actual knowledge of any event or condition except in its capacity as Trustee under the Indenture or except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement or (ii) the Dissemination Agent or the Trustee has any duties or obligations under the Indenture or this Disclosure Agreement other than those expressly set forth in the Indenture and this Disclosure Agreement and in the capacity of agent to the Borrower .

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

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

13. Notice. Any notice or other communication required or permitted to by this Disclosure Agreement must be in writing unless expressly provided otherwise herein, and to the following addresses or telecopier numbers (with telephone confirmation using the phone number given), or such other addresses or telecopier/phone numbers designated in a notice to the other party hereto:

If to the Dissemination Agent:

Wells Fargo Bank, National Association  
7077 Bonneval Road, Suite 400  
Jacksonville, Florida 32216  
Attention: Christopher Tracy  
FAX: (904) 332-9673

If to the Borrower:

Arlington Bencor, LP  
c/o Bencor Inc.  
235 Peachtree Street  
North Tower, suite 1200  
Atlanta, Georgia 30303  
Attention: Tony King  
FAX: (404) 880-1640

**SIGNATURE PAGE TO  
CONTINUING DISCLOSURE AGREEMENT**

**(The Arlington Apartments)**

Date: May \_\_, 2004

THE ARLINGTON LP, a Georgia limited partnership, qualified to do business in Florida as ARLINGTON BRENCOR LP

By: Arlington Management LLC, a Georgia limited liability company, as sole general partner

By: Brencor Arlington LLC, a Georgia limited liability company, its manager

By: \_\_\_\_\_  
Robert A. Crowder, Manager

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Florida Housing: \_\_\_\_\_

Name of Bond Issue: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Borrower: \_\_\_\_\_

Date of Issuance: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the [Borrower] has not provided an Annual Report with respect to the above-named Bonds as required by Section \_\_\_\_\_ of the Trust Indenture dated \_\_\_\_\_ between the Florida Housing and \_\_\_\_\_ [Dissemination Agent] and by Section \_\_\_\_\_ of the Financing Agreement dated \_\_\_\_\_ between the Florida Housing and the Borrower. [The Borrower anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Borrower

## APPENDIX H

### FORM OF PROPOSED OPINION OF BOND COUNSEL

*On the date of issuance of the Bonds in definitive form,  
Greenberg Traurig, P.A., and Edwards & Carstarphen, Bond Counsel,  
propose to render their approving opinion in substantially the following form:*

May \_\_\_, 2004

Florida Housing Finance Corporation  
227 N. Bronough Street  
Suite 5000  
Tallahassee, Florida

Re: Florida Housing Finance Corporation  
Multifamily Mortgage Revenue Bonds, 2004 Series G-1  
(The Arlington Apartments)  
and  
Florida Housing Finance Corporation  
Taxable Multifamily Mortgage Revenue Bonds, 2004 Series G-2  
(The Arlington Apartments)

Ladies and Gentlemen:

We have acted as bond counsel to Florida Housing Finance Corporation ("Florida Housing") in connection with the issuance on this date of Florida Housing's Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2004 Series G-1 (The Arlington Apartments) (the "Tax-Exempt Bonds") and its Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds, 2004 Series G-2 (The Arlington Apartments) (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds"). Florida Housing is a public corporation and public body corporate and politic established within the Department of Community Affairs of the State of Florida by the Florida Housing Finance Corporation Act, Sections 420.501-420.517, Florida Statutes, as amended and supplemented (collectively, the "Act"). In our capacity as bond counsel, we have examined the Constitution and laws of the State of Florida (the "State"), including the Act, a record of proceedings relating to the adoption on December 12, 2003, and April 2, 2004, of resolutions of Florida Housing (collectively, the "Resolution") authorizing, among other things, the original issuance and sale of the Bonds and other proofs submitted to us relating thereto.

The Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 2004 (the "Indenture"), between Florida Housing and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Any capitalized term used herein and not otherwise defined herein shall have the meaning ascribed to it in the Indenture. The Bonds are being issued for the purpose of providing funds, together with other funds, to finance a loan by Florida Housing to The

Arlington L.P., a Georgia limited partnership, qualified to transact business in Florida as Arlington Bencor LP (the "Borrower"), pursuant to the terms of a Financing Agreement dated as of May 1, 2004 (the "Agreement"), among Florida Housing, the Trustee, and the Borrower, for the acquisition and construction of a multifamily rental housing development in Duval County, Florida (the "Development"), for low and moderate income residents, as determined by Florida Housing, within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code").

The Bonds are payable from revenues arising from the pledge and assignment by Florida Housing to the Trustee of certain payments to be made by the Borrower under the Financing Agreement. Payments of principal and interest and the purchase price of Bonds tendered for purchase will initially be credit enhanced in accordance with the terms of a Letter of Credit, dated as of the date hereof, issued by Bank of America, N.A. From and after Conversion, credit enhancement and liquidity support for the Bonds will be provided by Fannie Mae in accordance with the terms of a Direct Pay Irrevocable Transferable Credit Enhancement Instrument.

The Bonds are limited obligations of Florida Housing payable solely from the revenues pledged under the Indenture and other moneys pledged and assigned as a part of the Trust Estate under the Indenture. The Bonds are not an obligation either general or special, of the State of Florida, or any local government thereof, and neither the State of Florida nor any local government thereof shall be liable thereon. Neither the faith, credit, revenues nor the taxing power of the State of Florida or any local government thereof shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds. Florida Housing has no taxing power.

In connection with the issuance of the Bonds, we have examined such documents, instruments, proceedings and opinions as we have deemed relevant in rendering this opinion. Based upon such examination, we are of the opinion, as of this date, that:

1. Florida Housing is a public corporation and public body corporate and politic established within the Department of Community Affairs of the State of Florida. Pursuant to the Act, Florida Housing is empowered to authorize the issuance of the Bonds in the manner contemplated by the Indenture and the Financing Agreement and to perform its obligations under the Indenture and the Financing Agreement.
2. The Bonds, the Indenture and the Financing Agreement are valid and binding obligations of Florida Housing and are enforceable against Florida Housing in accordance with their terms.
3. Under existing statutes, regulations, rulings and court decisions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes except for interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Tax-Exempt Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

4. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein.

In rendering the opinion in paragraph number 3 above, we are relying, without independent investigation, upon certifications, representations and warranties by Florida Housing and the Borrower as to compliance with the requirements of the Code that must be met on and after the issuance of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds not be included in gross income for federal income tax purposes. Failure to meet such requirements may cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. Florida Housing and the Borrower have covenanted in the Indenture and the Financing Agreement, respectively, to comply with such requirements and to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

This opinion is qualified to the extent that the enforceability of the Bonds, the Resolution and the Indenture, respectively, may be limited by general principles of equity which may permit the exercise of judicial discretion, and by bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors' rights generally, now or hereafter in effect.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We express no opinion herein with respect to any disclosure or offering document prepared or distributed in connection with the offering of the Bonds.

Respectfully submitted,

GREENBERG TRAURIG, P.A.  
EDWARDS & CARSTARPHEN

**APPENDIX I**  
**FORM OF THE LETTER OF CREDIT**

May \_\_\_\_, 2004

**IRREVOCABLE LETTER OF CREDIT NO. 3063034**

Wells Fargo Bank, National Association, as Trustee  
7077 Bonneval Road, Suite 400  
Jacksonville, Florida 32216  
Attention: Corporate Trust Department

Dear Ladies and Gentlemen:

We hereby establish in your favor, upon the application of and for the account of The Arlington LP, a Georgia limited partnership (the "Account Party") our transferable irrevocable direct pay letter of credit (the "Letter of Credit") in the amount of \$11,575,000.00 (the "Principal Amount") plus thirty four (34) days' interest on the Principal Amount, computed at the rate of 12% per annum calculated on the basis of a year of 365 days in the amount of \$130,849.00 (the "Interest Amount") for an aggregate amount of \$11,705,849.00 (the "Letter of Credit Amount"), subject to reduction as hereinafter set forth (the "Stated Amount").

This Letter of Credit is issued with respect to the issuance of Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) in the aggregate principal amount of \$11,340,000.00 and Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments) in the aggregate principal amount of \$235,000.00 (collectively, the "Series 2004 Bonds") issued by the Florida Housing Finance Corporation (the "Issuer") pursuant to a Trust Indenture dated as of May 1, 2004 (the "Indenture") by and between the Issuer and you, as Trustee.

Upon receipt, from time to time, from you of a certificate stating that there has been a prepayment of the Series 2004 Bonds (and of the amount, the series and date of such prepayment) by or on behalf of the Account Party, we are authorized to reduce the Principal Amount hereunder by the amount of the principal amount described in such certificate, to reduce the Interest Amount hereunder by a sum equal to thirty five days' accrued interest at the rate of 12% per annum on such prepayment of principal, and to reduce the Stated Amount hereunder by the sum of the foregoing two reductions. Any such reduction shall be effective only at our close of business on the date on which we receive your written reduction certificate in the form attached hereto as Exhibit D. Demands for payment hereunder shall not exceed the Stated Amount on the date of such demand.

Subject to all of the terms and conditions of this Letter of Credit, the Stated Amount shall be made available by your draft(s) at sight drawn on us accompanied by the following documents:

1. Your signed certificate, in the form attached hereto as Exhibit A, dated not more than ten days prior to its presentation to us; or

2. Your signed certificate, in the form attached hereto as Exhibit B, dated not more than ten days prior to its presentation to us; or

3. Your signed certificate, in the form attached hereto as Exhibit C, dated not more than ten days prior to its presentation to us.

No draft accompanied by your certificate in the form attached hereto as Exhibit A (an "A Drawing") will be paid if the amount thereof is in excess of the Principal Amount hereunder as of the date such draft is to be paid. No draft accompanied by your certificate in the form attached hereto as Exhibit B (a "B Drawing") will be paid if the amount thereof is in excess of the Interest Amount hereunder as of the date such draft is to be paid. No draft accompanied by your certificate in the form attached hereto as Exhibit C (a "C Drawing") will be paid if the amount thereof is in excess of the Stated Amount hereunder as of the date such draft is to be paid or if the "Principal Amount" or "Interest Amount" identified on such certificate is in excess of the Principal Amount or Interest Amount, respectively, hereunder as of the date such draft is to be paid.

Multiple drawings may be presented under this Letter of Credit, which, in the aggregate and subject to the limitations set forth herein, shall not exceed the Stated Amount, Principal Amount or Interest Amount, as applicable, then in effect and each such drawing honored by us hereunder shall reduce the Stated Amount by the amount of such drawing and shall reduce the Principal Amount and Interest Amount by the amount of such draw allocable to each; provided, however, that, (i) with respect to any B Drawing made hereunder, the Interest Amount and the Stated Amount shall be automatically increased in an amount equal to the amount paid in connection with such B Drawing on the date such drawing was paid and (ii) with respect to any C Drawing made hereunder, at any time that Purchased Bonds (as defined in the Indenture) purchased with proceeds of a C Drawing are remarketed by the Remarketing Agent (as defined in the Indenture) and the proceeds of such remarketing are received by us together with written notice of the remarketing, the Principal Amount shall be automatically increased by the amount of remarketing proceeds received by us, the Interest Amount shall be increased by 34 days interest on the amount of increase in the Principal Amount computed at the rate of 12% per annum calculated on the basis of a year of 365 days and the Stated Amount shall be increased by the sum of the foregoing increase in Principal Amount and Interest Amount; provided further, in no case shall the Stated Amount exceed the Letter of Credit Amount. The draft(s) drawn under this Letter of Credit must be drawn and presented to our offices at Bank of America, N.A., 333 South Beaudre Avenue, 19th Floor, Los Angeles, California 90017, Attention: Letter of Credit Department (or such other officer, department or address designated in writing by us to you at your address shown above or at such other address as you shall advise us of in writing) by hand delivery or by delivery by courier or by facsimile at (213) 345-6694 stating that the original draft shall be delivered to us within 24 hours (provided such original draft is received by us within said time period) between 9:00 a.m. and 4:30 p.m. (Pacific time) on a Business Day. As used in this Letter of Credit, "Business Day" shall mean any day other than a Saturday or Sunday on which commercial banks are open for business in Los Angeles, California.

We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us upon delivery of the certificate(s) and documents as

specified above and if presented at our aforesaid office on or before the Expiration Date (as defined below).

We agree to pay all drafts under this Letter of Credit with our own funds and not with funds of any other entity.

If demand for payment is made hereunder in strict conformity with the terms and conditions of this Letter of Credit before 12:00 noon (Pacific time) on a Business Day, we will make immediately available funds available to you no later than 3:00 p.m. (Pacific time) on such Business Day or the later time on such Business Day or any subsequent Business Day specified by you in the demand for payment. If demand for payment is made hereunder in strict conformity with the terms and conditions of this Letter of Credit after 12:00 noon (Pacific time) on a Business Day, we will make immediately available funds available to you on the later of 9:00 a.m. (Pacific time) on the next succeeding Business Day or the later time of such succeeding Business Day or subsequent Business Day specified by you in the demand for payment.

Payment under this Letter of Credit to you shall be made by wire transfer of immediately available funds for your credit to Wells Fargo Bank, National Association, ABA 121000248, Account No. 0001038377, BNF: Corp Trust Clearing, FFC: FHFC Arlington Apartments (16026807), Attention: Arthur Mosley (904/332-9668). Such Bank account may be changed only by presentation to us of a letter in a form satisfactory to us specifying a different account with you or with a transferee and executed by you or a transferee.

Only you or a transferee may make drawings under this Letter of Credit. Upon payment as provided above of the amount specified in a sight draft drawn hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such sight draft.

If demand for payment does not conform to the terms and conditions of this Letter of Credit, we will promptly notify you thereof and of the reasons therefor, such notice to be promptly confirmed in writing to you, and we shall hold all documents at your disposal or return the same to you, if directed by you.

This Letter of Credit is effective immediately and expires (the "Expiration Date") the earliest of (i) 4:30 p.m. (Pacific time) on August 1, 2007, (ii) when you have drawn and we have paid to you the Stated Amount of this Letter of Credit (not subject to reinstatement as provided herein) or (iii) the day on which this Letter of Credit is surrendered to us for cancellation accompanied by Exhibit F duly completed or (iv) the date we have received a statement from you that an Alternate Credit Facility (as defined in the Indenture) has been delivered to you; provided, however, notwithstanding the termination by expiration of this Letter of Credit, our payment obligation shall survive such expiration with respect to any sight drafts accompanied by a certificate in the form of Exhibits A, B or C, as the case may be, presented to us for payment prior to the expiration of this Letter of Credit.

This Letter of Credit incorporates and shall be governed by the Uniform Custom and Practices for Documentary Credits, 1993 Revision, International Chamber of Commerce Commission Publication No. 500 (the "UCP") but excluding the provisions of Article 41 and 43

thereof and, to the extent not inconsistent therewith, governed by the internal laws of the State of California without giving effect to its conflict of laws principles.

Any communications with respect to, this Letter of Credit shall be in writing and shall be addressed to us at Bank of America, N.A., 333 South Beaudre Avenue, 19th Floor, Los Angeles, California 90017, Attention: Letter of Credit Department specifically referring thereon to Irrevocable Letter of Credit No. 3063034.

You may transfer your rights under this Letter of Credit in their entirety (but not in part) to any transferee who has succeeded you as Trustee under the Indenture. Transfer of your rights under this Letter of Credit to any such transferee shall be effected only upon the presentation to us of this Letter of Credit accompanied by a transfer letter in the form attached hereto as Exhibit E. Upon such transfer, the transferee shall have no further rights to transfer this Letter of Credit.

Upon no circumstances shall we be held responsible for any impossibility or other difficulty in achieving strict compliance with the requirements of this Letter of Credit as written. You understand and acknowledge that (i) unless and until the present wording of this Letter of Credit is amended with our prior written consent, the burden of complying strictly with such wording remains solely upon you and (ii) we are relying upon the lack of such amendment as constituting your initial and continued approval of such wording.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Series 2004 Bonds), and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement. Exhibits A through F hereto are incorporated herein by reference as an integral part of this Letter of Credit.

Very truly yours,

BANK OF AMERICA, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Officer

EXHIBIT A  
TO LETTER OF CREDIT

FORM OF CERTIFICATE FOR "A" DRAWING

\_\_\_\_\_, \_\_\_\_\_  
Bank of America, N.A.

[ ]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Gentlemen:

The undersigned, a duly authorized officer of Wells Fargo Bank, National Association (the "Beneficiary"), hereby certifies to Bank of America, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. 3063034 (the "Letter of Credit"; any capitalized terms used herein and not defined shall have their respective meanings as set forth in the said Letter of Credit) issued by the Bank in favor of the Beneficiary, that:

1. The Beneficiary is the Trustee under the Indenture.
2. Principal in the amount of \$ \_\_\_\_\_ is owing on \_\_\_\_\_, \_\_\_\_\_ on the Series 2004 Bonds, either by virtue of maturity, acceleration or mandatory or optional redemption.
3. The draft in the sum of \$ \_\_\_\_\_ accompanying this Certificate is the amount necessary to pay principal of the Series 2004 Bonds and is not in excess of the unpaid principal due on the Series 2004 Bonds on the date hereof. The draft accompanying this Certificate shall result in a reduction of the Principal Amount of the Letter of Credit.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Wells Fargo Bank, National Association, as Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT B  
TO LETTER OF CREDIT

FORM OF CERTIFICATE FOR "B" DRAWING

\_\_\_\_\_, \_\_\_\_\_  
Bank of America, N.A.

[\_\_\_\_\_]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Gentlemen:

The undersigned, a duly authorized officer of Wells Fargo Bank, National Association (the "Beneficiary"), hereby certifies to Bank of America, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. 3063034 (the "Letter of Credit"; any capitalized terms used herein and not defined shall have their respective meanings as set forth in the said Letter of Credit) issued by the Bank in favor of the Beneficiary, that:

1. The Beneficiary is the Trustee under the Indenture.
2. Interest in the amount of \$ \_\_\_\_\_ is owing on \_\_\_\_\_, \_\_\_\_ on the Series 2004 Bonds.
3. The sum of \$ \_\_\_\_\_ is the amount necessary to pay accrued interest on the Series 2004 Bonds and is not in excess of thirty four days' interest accrued on the Series 2004 Bonds on the date hereof. The draft accompanying this certificate shall result in a reduction of the Interest Amount of the Letter of Credit.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Wells Fargo Bank, National Association, as Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT C  
TO LETTER OF CREDIT

FORM OF CERTIFICATE FOR "C" DRAWING

Bank of America, N.A.

[REDACTED]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Gentlemen:

The undersigned, a duly authorized officer of Wells Fargo Bank, National Association (the "Beneficiary"), hereby certifies to Bank of America, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. 3063034 (the "Letter of Credit"; any capitalized terms used herein and not defined shall have their respective meanings as set forth in the said Letter of Credit) issued by the Bank in favor of the Beneficiary, that:

(a) The Beneficiary is the Trustee under the Indenture.

(b) On \_\_\_\_\_, \_\_\_\_\_, Series 2004 Bonds in an aggregate principal amount of \$\_\_\_\_\_ (the "Principal Amount") and with respect to which \$\_\_\_\_\_ of accrued interest (the "Interest Amount") is owing, will be tendered or deemed to be tendered by the bondholders (the "Tendered Bonds").

(c) The amount of the draft accompanying this Certificate is not in excess of the amount necessary to pay the purchase price of the Tendered Bonds and is not in excess of an amount equal to the sum of the unpaid principal amount of such Tendered Bonds and thirty five days' accrued and unpaid interest owing on such Tendered Bonds on the date hereof, and less the amount, if any, of an "A" drawing and a "B" drawing upon the Letter of Credit relating to such Tendered Bonds made prior to or contemporaneously herewith.

(d) The amount of the draft accompanying this Certificate is drawn upon, and shall result in a reduction of, the Stated Amount, Principal Amount and Interest Amount as follows:

Reduction of Principal Amount: \$\_\_\_\_\_

Reduction of Interest Amount: \$\_\_\_\_\_

Reduction of Stated Amount: \$\_\_\_\_\_

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate  
this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Wells Fargo Bank, National Association, as Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT D  
TO LETTER OF CREDIT  
FORM OF REDUCTION CERTIFICATE

Bank of America, N.A.

[ ]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Dear Sirs:

A reduction of the Stated Amount, Principal Amount and Interest Amount of the above mentioned Letter of Credit is authorized as follows:

(a) On \_\_\_\_\_, \_\_\_\_\_, a prepayment of principal of the Series 2004 Bonds in the sum of \$ \_\_\_\_\_ was made by or on behalf of the Account Party with Eligible Funds, as defined in the Indenture.

(b) The Stated Amount may be reduced by \$ \_\_\_\_\_, consisting of a reduction of \$ \_\_\_\_\_ to the Principal Amount and a reduction of \$ \_\_\_\_\_ to the Interest Amount.

Very truly yours,

Wells Fargo Bank, National Association, as Trustee

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT E  
TO LETTER OF CREDIT

FORM FOR FULL TRANSFER OF LETTER OF CREDIT

\_\_\_\_\_, \_\_\_\_\_  
Bank of America, N.A.

[\_\_\_\_\_]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Gentlemen:

The undersigned, Wells Fargo Bank, National Association, as Trustee ("Transferor") has transferred and assigned (and hereby confirms said transfer and assignment) all of its rights in and under the above referenced Letter of Credit to [name and address of Transferee] ("Transferee"), who has succeeded Transferor as the Trustee named in the Trust Indenture dated as of May 1, 2004, between the Trustee and the Florida Housing Finance Corporation. Transferor confirms that it no longer has any rights under or interest in said Letter of Credit and that you shall have no further responsibility to make payment under said Letter of Credit to Transferor.

Transferor hereby surrenders said Letter of Credit to you and requests that you note the transfer of said Letter of Credit and deliver the Letter of Credit, amended or endorsed to reflect said transfer, to Transferee.

Transferee hereby certifies that it has succeeded Transferor as the Trustee under said Trust Indenture and that it is a duly authorized transferee under the terms of said Letter of Credit and is accordingly entitled, subject to the same terms and conditions and upon presentation of the documents called for therein, to receive payment thereunder.

Wachovia Bank, National Association, as Trustee [Name of Transferee]

By: \_\_\_\_\_ By: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
[Name and Title of Authorized Officer of Transferor] [Name and Title of Authorized  
Officer of Transferee]

EXHIBIT F  
TO LETTER OF CREDIT  
FORM OF TERMINATION OF LETTER OF CREDIT

Bank of America, N.A.

[REDACTED]

RE: Your Letter of Credit No. 3063034 in favor of Wells Fargo Bank, National Association, as Trustee

Gentlemen:

The undersigned, a duly authorized officer of Wells Fargo Bank, National Association (the "Trustee") under the Trust Indenture (the "Indenture") dated as of May 1, 2004 between the Trustee and the Florida Housing Finance Corporation hereby certifies as follows; any capitalized terms used herein and not defined herein shall have the terms ascribed to them in the Letter of Credit:

(a) The Trustee is the Trustee under the Indenture for the holders of the Series 2004 Bonds.

(b) Pursuant to the Indenture and the Letter of Credit, the Letter of Credit shall be terminated on the date the Bank receives this Certificate and the Trustee is herewith surrendering the Letter of Credit for cancellation.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Very truly yours,

Wells Fargo Bank, National Association, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**APPENDIX J**  
**PROPOSED FORM OF THE FANNIE MAE CREDIT FACILITY**

**DIRECT PAY  
IRREVOCABLE TRANSFERABLE  
CREDIT ENHANCEMENT INSTRUMENT**

(The Arlington Apartments)

[Conversion Date]  
U.S. \$ \_\_\_\_\_  
Relating to Loan No. \_\_\_\_\_

Wells Fargo Bank, National Association  
7077 Bonneval Road  
Suite 400  
Jacksonville, Florida 332216

At the request of The Arlington LP (the “**Borrower**”), a Georgia limited partnership, qualified to transact business in Florida as Arlington Bencor LP, Fannie Mae (“**Fannie Mae**”) issues this Direct Pay Irrevocable Transferable Credit Enhancement Instrument (the “**Credit Enhancement Instrument**”) to Wells Fargo Bank, National Association (the “**Trustee**”), a national banking association organized and existing under the laws of the United States of America, not in its individual or corporate capacity, but solely as Trustee for the owners of the \$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) (the “**Series G-1 Bonds**”) and the \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments) (the “**Series G-2 Bonds**” and, collectively with the Series G-1 Bonds, the “**Bonds**”), pursuant to the Trust Indenture (the “**Indenture**”), dated as of May 1, 2004, between the Florida Housing Finance Corporation (the “**Issuer**”) and the Trustee. The principal amount of the Series G-1 Bonds Outstanding as of the date stated above is \$ \_\_\_\_\_; the principal amount of the Series G-2 Bonds Outstanding as of the date stated above is \$ \_\_\_\_\_.

**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 Credit Enhancement Advance or a Liquidity Advance.

“**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:

- (a) a Saturday or a Sunday;
- (b) a 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) a day on which banking institutions located in the city or cities in which the Designated Office (as defined in the Indenture) of the Trustee is located are required or authorized by law or executive order to close;
- (d) on or after the Conversion Date, a day on which banking institutions located in the city in which the Designated Office (as defined in the Indenture) of the Loan Servicer is located are required or authorized by law or executive order to close;
- (e) a day prior to the Fixed Rate Adjustment Date, on which the New York Stock Exchange is closed or on which banking institutions located in the city in which the Remarketing Agent is located are required or authorized by law or executive order to close; or
- (f) a day, so long as this Credit Enhancement Instrument is in effect, on which Fannie Mae is closed.

**"CEI Expiration Date"** means the date on which this Credit Enhancement Instrument expires in accordance with Section 9(a).

**"CEI Termination Date"** means the date on which this Credit Enhancement Instrument terminates in accordance with Section 9(b).

**"Certificate"** means any written certificate in the form attached to this Credit Enhancement Instrument as an Exhibit or in such other form as is provided for 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 Advance"** means an Issuer's Fee Advance, an Interest Advance or a Principal Advance, as such terms are defined in Section 3.

**"Credit Enhancement Expiration Date"** has the meaning given to that term in Section 7(a).

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

**“Credit Enhancement Termination Date”** means, subject to Section 7(c), the date on which the obligation of Fannie Mae to make Credit Enhancement Advances terminates as provided in Section 7(b).

**“Excluded Bond”** means any Bond which is not Outstanding (as that term is defined in the Indenture), any Pledged Bond or any Obligor Bond.

**“Financing Agreement”** means the Financing Agreement, dated as of May 1, 2004, among the Borrower, the Trustee and the Issuer, as such agreement may be amended, supplemented or restated from time to time.

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

**“Issuer’s Fee”** means the Issuer’s program administration fee, accruing from the date of issuance of the Bonds, equal to, and not to exceed, 37 basis points (.37%) per annum of the aggregate principal amount of the Bonds Outstanding as of each January 15 and July 15 (including, for this purpose, Bonds which have not been paid at maturity or been released on each such date) (prior to any principal reduction on such dates), subject to proration and an aggregate annual minimum fee of \$15,000, payable to Florida Housing semiannually, in arrears, on each January 15 and July 15.

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

**“Liquidity Advance”** has the meaning given that term in Section 3.

**“Liquidity Expiration Date”** has the meaning given that term in Section 8(a), which date is subject to Sections 8(b) and (c).

**“Liquidity Termination Date”** has the meaning given to that term in Section 8(d).

**“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 finance costs of acquiring, constructing and equipping the Mortgaged Property (as defined in the Indenture).

**“Loan Servicer”** means CWCapital LLC or any other entity approved by Fannie Mae in its discretion as the servicer of the Loan, and any permitted successors or assigns.

**“Maturity Date”** means January 15, 2038.

**“Note”** means the Multifamily Note (together with all addenda), dated as of May 1, 2004, executed by the Borrower in favor of the Issuer, as the same may be amended, supplemented or restated from time to time or any note executed in substitution therefor, as such substitute note may be amended, supplemented or restated from time to time.

**“Obligor Bond”** means any Bond registered in the name, or held for the account, of the Issuer, any Affiliate of the Issuer, the Borrower, any Affiliate of the Borrower, or any guarantor, or any Affiliate of any guarantor.

**“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 a Liquidity Advance, to, but excluding, the date on which the Liquidity Advance made by Fannie Mae on account of such Pledged Bond is reinstated under this Credit Enhancement Instrument or the Pledged Bond is cancelled.

**“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 Amended and Restated Reimbursement Agreement, dated as of [DATE], 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 Section 2.6 of the Indenture.

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

**“Trustee”** means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, 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, a maximum aggregate amount not exceeding \$[ ] (as such amount may be reduced, reinstated or increased by instatement from time to time in accordance with Section 10, the “**Amount Available**”), of which:

(a) up to \$[ ] (the “**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 \$[ ] (the "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 \$ [ ] (the "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 as follows:

(a) **Credit Enhancement Advances.** Credit Enhancement Advances shall be:

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

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

(3) in the form of Exhibit C to pay the Issuer's Fee if not paid when due (an "Issuer's Fee Advance").

(b) **Liquidity Advances.** Liquidity Advances shall be in the form of Exhibit D to pay principal of, plus accrued interest on, Bonds tendered for purchase pursuant to the Indenture (a "Liquidity Advance").

Any Certificate submitted to Fannie Mae by the Trustee shall have all blanks appropriately completed and shall be signed by one who states in the Certificate 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 Bond 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 or the timing for the payment of the requested Advance 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 Operations; or

(b) telecopy to phone number 202-752-8369, immediately followed by telephonic notice to the Vice President, Multifamily Operations at telephone number 301-204-8422.

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 or an Interest Advance is made on or before the earlier of the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date:

(1) 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.

(2) 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 Liquidity Advance (other than a Liquidity Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture) is made on or before the earlier of the Liquidity Expiration Date or the Liquidity Termination Date:

(1) 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.

(2) 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 a Liquidity Advance relating to a mandatory tender pursuant to Section 4.2(b) of the Indenture is made on or before the earlier of the Liquidity Expiration Date or the Liquidity Termination Date:

(1) 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.

(2) 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.

(d) If a presentation in respect of an Issuer's Fee Advance is made on or before the earlier of the CEI Expiration Date or the CEI Termination Date:

(1) 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.

(2) 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 and 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.** Subject to Section 7(c), the obligation of Fannie Mae to make Credit Enhancement Advances under this Credit Enhancement Instrument shall expire at 4:00 p.m. Eastern time on January 20, 2038 (the "Credit Enhancement Expiration Date").

(b) **Termination Before Credit Enhancement Expiration Date.** Subject to Section 7(c), the obligation of Fannie Mae to make Credit Enhancement Advances under this Credit Enhancement Instrument shall automatically terminate prior to the Credit Enhancement 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 the Notice of Termination attached as Exhibit E (which shall be conclusive evidence of the matters set forth therein). The date determined in the preceding sentence is the "Credit Enhancement Termination Date."

(c) **Business Day Convention.** In the event that any date on which the Credit Enhancement Expiration Date or the Credit Enhancement Termination Date would otherwise occur 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. Expiration and Termination: Liquidity Advances.**

(a) **Liquidity Expiration.** Subject to Section 8(e), the obligation of Fannie Mae to make Liquidity Advances under this Credit Enhancement Instrument shall expire on the first to occur of (i) 4:00 p.m. Eastern time on May 7, 2023 or such later date as is deemed to be in the Liquidity Expiration Date pursuant to Section 8(b) and (ii) the Credit Enhancement Expiration Date (the "Liquidity Expiration Date").

(b) **Automatic Extension of Liquidity Expiration Date.** Subject to Section 8(c), the Liquidity Expiration Date automatically will be deemed extended by one additional calendar year on each May 7 (beginning with May 7, 2005). Any automatic extension which would extend the Liquidity Expiration Date beyond the Maturity Date will only extend the Liquidity Expiration Date to (and including) the Maturity Date.

(c) **No Further Automatic Extension of Liquidity Expiration Date.** Section 8(a) shall cease to be effective from and after the first to occur of:

- (1) the Liquidity Termination Date;
- (2) the Credit Enhancement Expiration Date;
- (3) the Maturity Date; and
- (4) the date on which Fannie Mae gives written notice to the Trustee to the effect that Section 8(b) shall cease to be effective from and after the sending of such notice in which case the then outstanding Liquidity Expiration Date shall remain unchanged and no further extension of the Liquidity Expiration Date shall occur under Section 8(b).

(d) **Liquidity Termination Before Liquidity Expiration Date.** Subject to Section 8(e), the obligation of Fannie Mae to make Liquidity Advances under this Credit Enhancement Instrument shall automatically terminate prior to the Liquidity 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 Weekly Variable Rate, (iii) Fannie Mae's receipt of a Certificate in the form of Exhibit E (which shall be conclusive evidence of the matters set forth therein) and (iv) the Credit Enhancement Termination Date. The date determined in the preceding sentence is the "Liquidity Termination Date."

(e) **Business Day Convention.** In the event that any date on which the Liquidity Expiration Date or the Liquidity Termination Date would otherwise occur is not a Business Day, such date shall be 4:00 p.m. Eastern time on the next Business Day.

**9. Expiration and Termination: Credit Enhancement Instrument.**

(a) **Expiration.** This Credit Enhancement Instrument shall expire upon the later of the Credit Enhancement Expiration Date and the Liquidity Expiration Date (the "CEI Expiration Date").

(b) **Termination Before CEI Expiration Date.** This Credit Enhancement Instrument shall automatically terminate prior to the CEI Expiration Date on the later to occur of the Credit Enhancement Termination Date and the Liquidity Termination Date (the "CEI Termination Date").

(c) **Delivery.** Upon the CEI Expiration Date or the CEI Termination Date, whichever shall first occur, the Trustee shall deliver this Credit Enhancement Instrument to Fannie Mae for cancellation.

**10. Reduction, Reinstatement and Instatement of Amount Available.** The Amount Available shall be reduced, reinstated or instated 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, the Interest Portion and the Issuer's Fee Portion shall be reduced automatically and permanently upon the making of any Principal Advance as follows:

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

(2) 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

(3) the Issuer's Fee Portion will be reduced in an amount equal to one-half of 0.37% 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 and permanently by the amounts specified in any Certificate in the form of Exhibit F 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)(2), the amount of the Interest Portion reduced by an Interest Advance shall be reinstated immediately and automatically.

(e) **Reinstatement of Liquidity Advance.** The Principal Portion and the Interest Portion shall be reinstated after each Liquidity 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 G.

(f) **Reinstatement of Issuer's Fee Advance.** Except for a permanent reduction of the Issuer's Fee Portion under subsection (b)(3), 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.

**11. 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 for payment of the Issuer's Fee.

**12. 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.

**13. 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.

**14. Notices and Deliveries.** All documents, directions, approvals, consents, 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 and telecopy numbers and parties to whom such notices are sent are changed by Fannie Mae pursuant to Section 4.

**15. 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.

**16. 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 in this Credit Enhancement Instrument.

FANNIE MAE

By: \_\_\_\_\_

Name:

Title:

Signed \_\_\_\_\_; effective as of the  
Conversion Date

**Exhibit A**

**CERTIFICATE FOR "PRINCIPAL ADVANCE"**

**DIRECT PAY**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 Principal Portion of the Amount Available 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:

(1) \$ \_\_\_\_\_ is attributable to the Principal Portion;

(2) \$ \_\_\_\_\_ is attributable to the Interest Portion; and

(3) \$ \_\_\_\_\_ is attributable to the Issuer's Fee Portion (computed as one-half of the Issuer's Fee at a rate of 0.37% multiplied by the outstanding principal amount of the Note).

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

(1) \$ \_\_\_\_\_ will be the Principal Portion;

(2) \$ \_\_\_\_\_ will be the Interest Portion; and

(3) \$ \_\_\_\_\_ will be the Issuer's Fee Portion (computed as one-half of the Issuer's Fee at a rate of 0.37% 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 (other than Excluded Bonds) 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 \$ \_\_\_\_\_.

---

\* Trustee: Fill in current Maximum Interest Rate.

\*\* Trustee: Fill in number of days of interest coverage required to be supplied by the Interest Portion.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**Exhibit B**

**CERTIFICATE FOR "INTEREST ADVANCE"**

**DIRECT PAY**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 Amount Available 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 has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
\_\_\_\_\_  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**Exhibit C**  
**CERTIFICATE FOR "ISSUER'S FEE ADVANCE"**

**STAND-BY**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 Amount Available 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, monthly, semiannual or annual 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 as of May 1, 2004, 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 such 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 has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
\_\_\_\_\_,

as Trustee

By: \_\_\_\_\_  
Authorized Officer

**Exhibit D**  
**CERTIFICATE FOR "LIQUIDITY ADVANCE"**

**DIRECT PAY**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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].

(4) **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 ownership 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].\*

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\* Fill in name of Custodian under the Pledge Agreement.

\* Fill in name of Custodian under the Pledge Agreement.

Any capitalized, but undefined, term used in this Certificate has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**Exhibit E**

**NOTICE OF TERMINATION**

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

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 of this Notice of Termination, The Arlington LP ("Borrower") 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.

**THE ARLINGTON LP**, a Georgia limited partnership, qualified to transact business in Florida as **ARLINGTON BRENCOR LP**

By: Arlington Management LLC, a Georgia limited liability company, its general partner

By: Brencor Arlington LLC, a Georgia limited liability company, its manager

By: \_\_\_\_\_  
Robert A. Crowder, Manager

**Exhibit F**  
**CERTIFICATE OF REDUCTION**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 of this Certificate, The Arlington LP ("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 has the meaning given that term in the Credit Enhancement Instrument.

The Trustee and the Borrower have executed and delivered this Certificate as of the \_\_\_\_\_ day of  
\_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**THE ARLINGTON LP**, a Georgia limited  
partnership, qualified to transact business in Florida  
as **ARLINGTON BRENCOR LP**

By: Arlington Management LLC, a Georgia  
limited liability company, its general partner

By: Bencor Arlington LLC, a Georgia  
limited liability company, its  
manager

By: \_\_\_\_\_  
Robert A. Crowder, Manager

**Exhibit G**  
**CERTIFICATE OF REINSTATEMENT**

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

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 Liquidity 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 Amount Available 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 has the meaning given that term in the Credit Enhancement Instrument.

The Trustee has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
\_\_\_\_\_,

as Trustee

By: \_\_\_\_\_  
Authorized Officer

**Exhibit H**  
**CERTIFICATE FOR SUCCESSOR TRUSTEE**

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

Attention: Director, Multifamily Operations

Re: Credit Enhancement Instrument relating to Loan No. \_\_\_\_\_ ("Credit Enhancement Instrument")

\$11,340,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds 2004 Series G-1 (The Arlington Apartments) and \$235,000 Florida Housing Finance Corporation Taxable Multifamily Mortgage Revenue Bonds 2004 Series G-2 (The Arlington Apartments)

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 of Mortgage and of Rights and Interests and Intercreditor Agreement, dated as of May 1, 2004, by and among Bank of America, N.A., Fannie Mae's predecessor in interest as Credit Provider under the Indenture, the Trustee and the Issuer and acknowledged, accepted and agreed to by the Borrower.

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. That officer or representative is authorized to sign for the Trustee.

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
to \_\_\_\_\_ acknowledges that it is the successor  
as Trustee under the Indenture.

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Officer