Lake County Illinois

Master

File Number: 08-0921

File ID:	08-0921	**Type:**	Resolution	**Status:**	Joint Committee
Version:	1	**Reference:**		**Controlling Body:**	Health & Community Services Committee
				File Created Date :	11/06/2008
File Name:	Whispering Oaks Bond Resolution			**Final Action:**	

Title: Bond Resolution and related documents for the acquisition, renovation and improvement of the Whispering Oaks Apartments in Waukegan, Illinois.

Notes:

Sponsors:

Agenda Date:

Attachments: Fin_Agrmt_2520132.01.03 ,Indenture_2529084.01.02 ,Official Statement ,Reg_Agrmt_2501054.01.06 ,TaxAgmt_2529149.01.01 ,Whispering Oaks Assignment of Bond Security Instrument

Enactment Number:

Authorizer:

Hearing Date:

Entered by: BAllen@lakecountyil.gov

Effective Date:

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Health & Community Services Committee	11/11/2008	Approved and referred on to Financial and Adminstrative Committee				Pass
	Action Text:	A motion was made that this Resolution be Approved and referred on to Financial and Adminstrative Committee. The motion carried unanimously. The motion carried unanimously. The motion carried by the following vote:					
	Notes:	*Presented by Dave Young.*					
1	Financial and Administrative Committee	11/12/2008	Recommended for adoption to the Regular Agenda				Pass
	Action Text:	A motion was made by Member Kyle, seconded by Member Mountsier, that this Resolution be Recommended for adoption to the Regular Agenda. The motion carried by the following vote:					
	Notes:	*Dusty Powell explained this Resolution.*					
1	Lake County Board	11/18/2008					

Text of Legislative File 08-0921

Title

Bond Resolution and related documents for the acquisition, renovation and improvement of the Whispering Oaks Apartments in Waukegan, Illinois.

Body

The County Board of The County of Lake, Illinois, met at a regular meeting at the County Building, 18 North County Street, Waukegan, Illinois, on November 18, 2008, at 9:00 a.m. The meeting was called to order and there were present Suzi Schmidt, Chairman, presiding, and the following named members:

and the following members were absent:

The County Clerk informed the County Board that the next agenda item was consideration of a resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY THE COUNTY OF LAKE, ILLINOIS, OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (WHISPERING OAKS APARTMENTS PROJECT), SERIES 2008 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $26,000,000 (THE *"BONDS"*) ON BEHALF OF WHISPERING OAKS ASSOCIATES, L.P.; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A FINANCING AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A TAX EXEMPTION CERTIFICATE AND AGREEMENT, A BOND PURCHASE AGREEMENT, AN INTERCREDITOR AGREEMENT AND RELATED DOCUMENTS; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT; AND RELATED MATTERS." (the *"Resolution"*). Whereupon member _____ introduced and moved that the
Resolution be adopted; which motion was then seconded by member
_____.
After due consideration of said Resolution by the County Board, the Chairman put the question to a vote and upon the roll being called, the following voted:

Aye: _____:

Nay: _____:
Absent or

Not Voting: _____:

Whereupon the Chairperson declared the motion carried and said Resolution adopted, and directed the County Clerk to record the same in full in the records of the County Board of The County of Lake, Illinois.

Other business not pertinent to the adoption of said Resolution was duly transacted at said meeting.

On duly made and seconded motion and vote the meeting was adjourned.

_____
Chairman

(SEAL)

Attest:

_____
County Clerk and *ex officio*
Clerk of the County Board

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY THE COUNTY OF LAKE, ILLINOIS, OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (WHISPERING OAKS APARTMENTS PROJECT), SERIES 2008 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $26,000,000 (THE *"BONDS"*) ON BEHALF OF W HISPERING O AKS ASSOCIATES, L.P.; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A FINANCING AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A TAX EXEMPTION CERTIFICATE AND AGREEMENT, A BOND PURCHASE AGREEMENT, AN INTERCREDITOR AGREEMENT AND RELATED DOCUMENTS; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT; AND RELATED MATTERS.

WHEREAS, The County of Lake, Illinois, (the *"Issuer"*) is a duly constituted and validly existing unit of local government under Section 1 of Article VII the 1970 Constitution of the State of Illinois and is a political subdivision operating under the general laws of the State of Illinois and is not a home rule unit of local government; and is authorized pursuant to the Industrial Building Revenue Bond Act, 50 *Illinois Compiled Statutes 2006*, 445/1 *et seq.,* as supplemented and amended (the *"Act"*), to issue its special, limited obligation revenue bonds for the purpose of providing financing in whole or in part, for an "industrial project," as defined in Section 2 of the Act, and located within the physical boundaries of the Issuer; and

WHEREAS, in order to finance a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily rental housing development located at various addresses from 2401 to 2443 West Dugdale Road in Waukegan, Illinois known as Whispering Oaks Apartments (the *"Project"*), which, based solely on information supplied by the Borrower (as hereinafter defined), on which it is reasonable for the Issuer to rely, including an opinion of bond counsel to be provided to the Issuer prior to the issuance of the Bonds (as hereinafter defined), upon completion will constitute an "industrial project," as defined in Section 2 of the Act, Whispering Oaks Associates, L.P., a limited partnership duly organized and validly

existing under the laws of the State of Illinois (the *"Borrower"*) now requests that the Issuer finance, in whole or in part, costs of the Project through the issuance and sale of the Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 of the Issuer, in an aggregate principal amount not to exceed $26,000,000 (the *"Bonds"*); and

WHEREAS, the estimated cost of the Project is at least $26,000,000; and

WHEREAS, the Project is and will be located in the City of Waukegan, Lake County, Illinois, and will be owned and operated by the Borrower; and

WHEREAS, the Borrower has represented that it intends to employ 250 to 300 temporary new employees during the construction period, and will employ five (5) new employees at the site of the Project within two (2) years; and

WHEREAS, the County Board of the Issuer (the "*County Board*") preliminary approved the issuance of the Bonds and the execution and delivery of a Memorandum of Agreement with the Borrower by resolution adopted on December 11, 2007; and WHEREAS, based upon information supplied by the Borrower, the Issuer has now determined that it is necessary and in the public interest for the Issuer to issue the Bonds pursuant to this Resolution and the agreements and other documents approved herein; and

WHEREAS, the Bonds shall not be a charge against the general revenues or the taxing powers of the Issuer, but shall be payable solely from the proceeds of the Bonds issued to finance, in whole or in part, the Project, the earnings on such proceeds, and the revenues and receipts derived from payments made by the Borrower, and no owner of any of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois (the *"State"*), or any political subdivision thereof to pay the Bonds or the interest or any premium thereon, and the Bonds and the interest thereon shall not constitute an indebtedness or a loan of credit of the Issuer, the State, or any political subdivision thereof; and

WHEREAS, in order to issue the Bonds on a tax-exempt basis under the Internal Revenue Code of 1986, as amended (the *"Code"*), it is necessary that a sufficient amount of "volume cap" (as defined in Section 146 of the Code) which has been reallocated from various Illinois home rule units to the Issuer be assigned to the Bonds; and

WHEREAS, a Financing Agreement (the *"Financing Agreement"*), a proposed form of which is before the County Board at this meeting, with respect to the Project, is necessary and desirable to be executed by and among the Issuer, The Bank of New York Mellon Trust Company, N.A., as Trustee (the *"Trustee"*), and the Borrower, whereby the Issuer will lend the proceeds of the Bonds to the Borrower in order to finance some or all of the costs of the Project and the Borrower, in consideration of the issuance of the Bonds, will covenant and agree to make payments sufficient to provide for the payment of the principal or purchase price of, premium, if any, and interest on and other amounts payable on the Bonds, as and when the same become due and payable; and

WHEREAS, it is necessary and desirable for the Bonds to be issued under and pursuant to, and to be secured by, a Trust Indenture (the *"Indenture"*), a proposed form of which is before the County Board at this meeting, by and between the Issuer and the Trustee; and

WHEREAS, it is necessary and desirable that the Issuer enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the *"Regulatory Agreement"*), a proposed form of which is before the County Board at this meeting, governing the use of the Project; and WHEREAS, it is necessary and desirable that the Issuer enter into an Intercreditor Agreement (the "*Intercreditor Agreement*"), a proposed form of which is before the County Board at this meeting, by and among the Issuer, the Trustee and the Federal Home Loan Mortgage Corporation ("*Freddie Mac*"); and

WHEREAS, it is necessary and desirable that the Issuer enter into a Bond Purchase Agreement (the *"Bond Purchase Agreement"*), a proposed form of which is before the County Board at this meeting, by and among the Issuer, the Borrower and Banc of America Securities LLC (the *"Underwriter"*) whereby the Underwriter agrees to use its best efforts to sell the Bonds; and

WHEREAS, it is necessary and desirable for the Issuer, the Borrower and the Trustee to enter into a Tax Exemption Certificate and Agreement, a proposed form of which is before the County Board at this meeting, to be dated the date of issuance of the Bonds (the *"Tax Agreement"*), governing the investment of the gross proceeds of the Bonds and certain other matters relating to the exclusion of interest on the Bonds from federal gross income; and

WHEREAS, it is necessary and desirable that the Issuer approve the distribution of an Official Statement relating to the Bonds (the *"Official Statement"*), a proposed form of which is before the County Board at this meeting, to be distributed in connection with the marketing of the Bonds; and

WHEREAS, the Bonds will be initially supported by a credit enhancement facility issued by Freddie Mac, which will support payment of the principal and purchase price of and interest on the Bonds until expiration or termination of said credit enhancement facility in accordance with its terms;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF THE COUNTY OF LAKE, ILLINOIS, AS FOLLOWS:

Section 1. The foregoing recitals are hereby incorporated herein as if fully set forth in this Resolution.

Section 2. Pursuant to the Act, the financing, in whole or in part, of the costs of the Project through the issuance and sale of the Bonds in accordance with the terms of the Financing Agreement and the Indenture, as approved in substantially final form pursuant to this Resolution, is hereby authorized and approved, subject to the conditions of Section 22 hereof, the Financing Agreement and the Indenture. The County Board hereby finds, based solely on information supplied by the Borrower, on which it is reasonable for the Issuer to rely, including an opinion of bond counsel to be provided to the Issuer prior to the issuance

of the Bonds, that the Project and the use of the proceeds of the Bonds are in furtherance of the public purposes set forth in the Act, including the promotion of the general welfare of The County of Lake, Illinois, and its inhabitants by relieving conditions of unemployment and underemployment and encouraging the increase of industry and commerce within The County of Lake, Illinois, thereby reducing the evils attendant upon unemployment and underemployment, and will increase the tax base within The County of Lake, Illinois, and enhance the public health, safety, and general welfare of The County of Lake, Illinois. It is hereby further found and declared that, based solely on information supplied by the Borrower on which it is reasonable for the Issuer to rely, including an opinion of bond counsel to be provided to the Issuer prior to the issuance of the Bonds, that the financing, in whole or in part, of the Project and the use thereof by the Borrower is necessary to accomplish the public purposes of the Act.

Section 3. The Indenture (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk of the Issuer (the "*County Clerk*") and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Indenture are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman of the County Board (the *"Chairman"*) and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Indenture, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 4. The Financing Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions (including repayment provisions) set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Financing Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Financing Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 5. The Regulatory Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Regulatory Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Regulatory Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 6. The Intercreditor Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and

containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Intercreditor Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman and County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Intercreditor Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 7. The Bond Purchase Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Bond Purchase Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officer of the Issuer executing and attesting the same, his or her signature thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman is hereby authorized and directed to execute and deliver the Bond Purchase Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 8. The Tax Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Tax Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required and approved by counsel to the Issuer and approved by the officer of the Issuer executing the same, his or her signature thereon to constitute conclusive evidence of such approval, and, subject to Section 22 hereof, the Chairman is hereby authorized and directed to execute and deliver the Tax Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 9. Subject to Section 22 hereof, the distribution by the Underwriter of the Official Statement relating to the Bonds in substantially the form presented at this meeting and on file with the County Clerk (with such changes therein as shall be required or approved by counsel to the Issuer) is hereby in all respects authorized, ratified and approved; *provided, however,* that the Official Statement shall contain such changes as shall be required or approved by counsel to the Issuer and approved by the Chairman, her signature on the Indenture to constitute conclusive evidence of such approval; and *provided further,* that the distribution and use of the Official Statement, and the authorization by the Issuer of same, do not constitute a representation or approval by the Issuer of the accuracy or sufficiency of any information contained in the Official Statement, except to the extent of the information contained therein under the heading “THE ISSUER.”

Section 10. Subject to Section 22 hereof, the Chairman shall be and is hereby authorized, empowered and directed to cause to be prepared an issue of the Bonds in an aggregate principal amount not to exceed $26,000,000, bearing interest at the rate or rates as provided in the Indenture, as executed and approved pursuant to this Resolution. Principal of and interest on the Bonds shall be payable on the dates and in the manner set forth in the Indenture, as executed and approved pursuant to this Resolution; *provided* that the

Bonds shall mature no later than the earlier of forty (40) years from the dated date of the Bonds or December 31, 2048, pursuant to the terms of the Indenture.

Section 11. The Bonds shall have the terms and provisions set forth in the Indenture, as executed and approved pursuant to this Resolution. The Bonds shall be executed pursuant to the terms and conditions of the Indenture, in the name of the Issuer with the manual or facsimile signature of the Chairman and attested with the manual or facsimile signature of the County Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Bonds shall be issued on or before December 31, 2008.

Section 12. (a) No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Resolution and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any other document executed by the Issuer in connection with the Project or the Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way, except out of payments to be made by the Borrower under the Financing Agreement other than payments to be made by the Borrower pursuant to the Issuer's Unassigned Rights (as defined in the Indenture). No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement herein or therein shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. The same shall be plainly stated on the face of each Bond. (b) The principal or purchase price of, premium, if any, and the interest on the Bonds shall be special, limited obligations of the Issuer. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State or any political subdivision thereof to pay the Bonds or the interest or premium, if any, thereon. The Bonds, if and when issued, shall not and shall never constitute or give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The Bonds, if and when issued, shall not and shall never constitute or evidence an indebtedness of the Issuer, the State or any political subdivision thereof or a loan of credit thereof within the meaning of any constitutional or statutory provision. The Bonds, if and when issued, shall be issued under, and in full compliance with, the Constitution and the laws of the State and particularly under the provisions of the Act.

The same shall be plainly stated on the face of each Bond.

(c) Notwithstanding paragraphs (a) and (b) above, no limitation on the Issuer's liability, actions, covenants, obligations, agreements, or otherwise described in paragraphs (a) and (b) above shall apply to the Issuer's obligation to lend the proceeds of the Bonds to the Borrower on the date of their issuance pursuant to, and in accordance with the terms of, the Financing Agreement.

Section 13. Subject to the terms and conditions of the Indenture and the Financing Agreement, the appointments of The Bank of New York Mellon Trust Company, N.A. and Banc of America Securities LLC, as Trustee, and Underwriter, respectively, under the Indenture are hereby approved.

Section 14. The form of Bond included in the Indenture submitted to this meeting, subject to appropriate insertion and revision in order to comply with the provisions of this Resolution and the Indenture, is hereby approved, and when the Bonds in such form shall be executed on behalf of the Issuer in the manner contemplated by, and pursuant to the terms of the

Indenture and this Resolution, they shall represent the approved definitive form of the Bonds of the Issuer.

Section 15. Subject to Section 22 hereof, the Indenture and the Financing Agreement, the Issuer is hereby authorized, empowered and directed to issue and sell to the purchaser or purchasers designated by the Underwriter the entire aggregate principal amount of the Bonds, at a price of 100% of the principal amount thereof, plus accrued interest, if any.

Section 16. Subject to the terms and conditions of the Indenture and the Financing Agreement, the income and revenues derived by the Issuer under the Financing Agreement, except out of payments to be made to the Borrower pursuant to the Unassigned Rights, and any other revenues pledged under the Indenture for payment of the principal of or interest on the Bonds shall be deposited in the Bond Fund created under the Indenture in an amount sufficient to make such payments and applied as provided and pursuant to the terms and conditions in the Indenture. The Borrower shall covenant in the Financing Agreement to maintain and operate the Project and pay the costs of such maintenance and operation. No depreciation account need be established or maintained with respect to the Project.

Section 17. Subject to the terms and conditions of the Indenture and the Financing Agreement and this Resolution, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver any and all documents, including without limitation an Assignment of Security Instrument from the Issuer to the Trustee, and any other related documents, and do any and all things deemed necessary to effect the issuance and sale of the Bonds, the distribution of the Official Statement, the execution and delivery of the Financing Agreement, the Indenture, the Regulatory Agreement, the Intercreditor Agreement, the Bond Purchase Agreement and the Tax Agreement and to carry out the intent and purposes of this Resolution, including the preambles to this Resolution. In the absence of the Chairman or the County Clerk, any officer of the Issuer so authorized by law may perform any of the actions required hereby in lieu of the Chairman and the County Clerk, as the case may be.

Section 18. The Bonds, if and when issued, may, but need not be, initially issued in book-entry form and registered in the name of The Depository Trust Company, New York, New York (*"DTC"*), or its nominee, as securities depository for the Bonds. The Chairman is hereby authorized, empowered and directed to execute and deliver an agreement with DTC and any other necessary parties in order to effect such book-entry registration.

Section 19. The Issuer hereby acknowledges that a public hearing was conducted on its behalf relating to the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the *"Code"*). The publication of notice of public hearing with respect to the Bonds, pursuant to Section 147(f) of the Code, is hereby authorized, ratified and confirmed, which notice of public hearing is hereby incorporated herein by reference. The County Board of the Issuer hereby approves the issuance of the Bonds, which approval shall constitute the "public approval" required by Section 147(f) of the Code.

Section 20. All authorized acts of the officials of the Issuer which are in conformity with the purposes and intent of this Resolution and the terms and conditions of the Indenture and the Financing Agreement, and in furtherance of the issuance and sale of the Bonds and the Project be, and the same hereby are, in all respects, approved and confirmed.

Section 21. After the Bonds are issued, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and

discharged, unless otherwise provided pursuant to the Indenture or the Financing Agreement or agreed by the parties thereto.

Section 22. No Bonds shall be issued nor shall the officers of the Issuer execute any of the documents authorized to be executed hereby unless and until (a) an opinion of bond counsel shall have been provided to the Issuer that the Project, upon completion, will constitute an "industrial project," as defined in Section 2 of the Act, and that the Issuer has the full power, right and authority to issue the Bonds under the Act; (b) on or before December 31, 2008 (or such later date as shall be mutually approved by the County Board, by resolution or ordinance duly adopted, and the Borrower), the Issuer and the Borrower, solely in their complete discretion, shall have agreed to mutually acceptable terms and conditions of any agreements, instruments, and proceedings relating to the Bonds; and (c) the Borrower agrees to pay to the Issuer, immediately upon presentation of a written demand or demands therefore, all legal and other consulting and administrative fees, costs, and expenses incurred or accrued in connection with the negotiation, preparation, consideration, and review of this Resolution and the performance by the Issuer of its obligations under this Resolution, and all fees, costs, and expenses that the Issuer may incur at the request of the Borrower or as a result of or arising out of this Resolution or in connection with the issuance of the Bonds and the costs of the Project, and also a one-time payment in the amount of one percent (1%) of the aggregate principal amount of the Bonds issued.

Section 23. The Issuer hereby allocates volume cap to the Bonds in an amount equal to the aggregate principal amount of the Bonds (plus any premium), but not to exceed $26,000,000.

Section 24. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions; *provided, however,* that no holding of invalidity shall require the Issuer to make any payments from revenues other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Financing Agreement (except such proceeds as may be derived from the Issuer pursuant to its Unassigned Rights) or impose any personal liability on any director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer.

Section 25. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict. This Resolution shall be in full force and effect upon its passage as provided by law.

Adopted: November 18, 2008

Filed: November __, 2008

THE COUNTY OF LAKE, ILLINOIS

_____

Chairman

[SEAL]

Attest:

_____
County Clerk and *ex officio*
Clerk of the County Board

CERTIFICATION
I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the *"Issuer"*), and as such officer I am the *ex officio* Clerk of the County Board of the Issuer, and as such officer I further certify that the foregoing is a true, correct and complete copy of the Resolution finally adopted by the County Board of said County at a regular meeting held on November 18, 2008, signed by the Chairman and now in full force and effect, all as appears from the official records of said County in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County this ____ day of November, 2008.

_____
County Clerk and *ex officio*
Clerk of the County Board
[SEAL]

Staff Summary

- Resolution authorizing the issuance and sale by the County of Lake, Illinois, of variable rate demand multifamily housing revenue bonds (Whispering Oaks Apartments project), series 2008 in an aggregate principal amount not to exceed $26,000,000 on behalf of Whispering Oaks Associates, L.P.
- This is a request for $26.0 million in tax exempt bond volume cap to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 405 unit multifamily rental housing development located at various addresses from 2401 to 2443 West Dugdale Road in Waukegan, Illinois.
- Borrower intends to employ 250 to 300 temporary new employees during the construction period, and will employ five (5) new employees at the site of the Project within two (2) years.
- These units will be rented by low to moderate income individuals or families. Whispering Oaks Associates, L.P. will acquire, develop, rehabilitate, own and operate the Whispering Oaks Apartments.

FINANCING AGREEMENT

Among

THE COUNTY OF LAKE, ILLINOIS,
as Issuer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

AND

WHISPERING OAKS ASSOCIATES, L.P.,
as Borrower

RELATING TO

$26,000,000
THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT),
Series 2008

Dated as of November 1, 2008

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS	2
Section 1.1.	Definitions	2
Section 1.2.	Interpretation	3
ARTICLE II	REPRESENTATIONS AND COVENANTS	3
Section 2.1.	Representations and Covenants of the Issuer	3
Section 2.2.	Representations, Warranties and Covenants of the Borrower	5
Section 2.3.	Representations and Warranties of the Trustee	10
Section 2.4.	Arbitrage and Rebate Fund Calculations	11
Section 2.5.	Tax Covenants of the Borrower	11
Section 2.6.	Enforcement of Bond Financing Documents	12
ARTICLE III	THE BOND MORTGAGE LOAN	12
Section 3.1.	Conditions to Funding the Bond Mortgage Loan	12
Section 3.2.	Terms of the Bond Mortgage Loan; Servicing	12
Section 3.3.	Initial Deposits	13
Section 3.4.	Assignment to Trustee	13
Section 3.5.	Investment of Funds	13
Section 3.6.	Damage; Destruction and Eminent Domain	13
Section 3.7.	Continuing Disclosure Requirements	13
ARTICLE IV	LOAN PAYMENTS	14
Section 4.1.	Payments Under the Bond Mortgage Note; Independent Obligation of Borrower	14
Section 4.2.	Payment of Certain Fees and Expenses Under the Bond Mortgage Note	15
Section 4.3.	Payments to Rebate Fund	17
Section 4.4.	Prepayment of Bond Mortgage Loan	17
Section 4.5.	Borrower's Obligations Upon Redemption or Tender	18
Section 4.6	Principal Reserve Fund	18
ARTICLE V	SPECIAL COVENANTS OF BORROWER	19
Section 5.1.	Performance of Obligations	19
Section 5.2.	Compliance With Applicable Laws	19
Section 5.3.	Indenture Provisions	19
Section 5.4.	Alternate Credit Facility	19
Section 5.5.	Borrower to Maintain Its Existence; Certification of No Default	21
Section 5.6.	Borrower to Remain Qualified in State and Appoint Agent	21
Section 5.7.	Sale or Other Transfer of Project	21

Section 5.8. Right to Perform Borrower's Obligations 21
Section 5.9. Notice of Certain Events 22
Section 5.10. Survival of Covenants 22
Section 5.11. Access to Project; Records 22
Section 5.12. Tax-Exempt Status 22

ARTICLE VI INDEMNIFICATION 23

Section 6.1. Borrower's Obligations 23
Section 6.2. Defense of Claims 25
Section 6.3. Borrower's Continuing Obligations 25
Section 6.4. Limitation With Respect to the Credit Facility Provider 26

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES 26

Section 7.1. Events of Default 26
Section 7.2. Remedies on Default 27
Section 7.3. No Remedy Exclusive 28
Section 7.4. Agreement to Pay Attorneys' Fees and Expenses 28
Section 7.5. No Additional Waiver Implied by One Waiver 28
Section 7.6. Rights of Credit Facility Provider 28

ARTICLE VIII MISCELLANEOUS 29

Section 8.1. Notices 29
Section 8.2. Concerning Successors and Assigns 31
Section 8.3. Governing Law 32
Section 8.4. Modifications in Writing 32
Section 8.5. Further Assurances and Corrective Instruments 32
Section 8.6. Captions 32
Section 8.7. Severability 32
Section 8.8. Counterparts 32
Section 8.9. Amounts Remaining in Bond Fund or Other Funds 32
Section 8.10. Effective Date and Term 33
Section 8.11. Cross References 33
Section 8.12. Credit Facility Provider and Servicer as Third-Party Beneficiaries 33
Section 8.13. Credit Facility Provider 33
Section 8.14. Non-Liability of Issuer 33
Section 8.15. No Liability of Officers 36

EXHIBIT A—FORM OF BOND MORTGAGE NOTE

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this *"Financing Agreement"*), dated as of November 1, 2008, by and among THE COUNTY OF LAKE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois (together with its successors and assigns, the *"Issuer"*), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, as trustee (together with any successor trustee hereunder and their respective successors and assigns, the *"Trustee"*), and WHISPERING OAKS ASSOCIATES, L.P., a limited partnership duly organized and validly existing under the laws of the State of Illinois (together with its successors and assigns permitted hereunder, the *"Borrower"*),

WITNESSETH:

WHEREAS, pursuant to the provisions of the Constitution and the laws of the State of Illinois (the *"State"*) and particularly 50 *Illinois Compiled Statutes 2006,* 445/1 *et seq.,* as supplemented and amended (the *"Act"*), and the Trust Indenture dated as of November 1, 2008 (the *"Indenture"*), by and between the Issuer and the Trustee, the Issuer has determined to issue The County of Lake, Illinois, Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 (the *"Bonds"*) in the original aggregate principal amount of $26,000,000 to provide for the financing of a portion of the cost of the acquisition, rehabilitation and equipping of a multifamily rental housing development located at various addresses from 2401 to 2443 West Dugdale Road in Waukegan, Lake County, Illinois, known as Whispering Oaks Apartments (the *"Project"*); and

WHEREAS, the Issuer has agreed to use the proceeds of the sale of Bonds to finance a mortgage loan in the principal amount of $26,000,000 (the *"Bond Mortgage Loan"*) from the Trustee to the Borrower in connection with the Project on the terms specified in this Financing Agreement and upon the satisfaction of various conditions contained herein and in the Indenture; and

WHEREAS, the Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Borrower's repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated as of November 1, 2008 (together with all riders and addenda thereto, the *"Bond Mortgage Note"*) delivered to the Trustee on behalf of the owners of the Bonds under the Indenture; and

WHEREAS, the Borrower will cause to be delivered to the Trustee on the date of the initial issuance of the Bonds (the *"Delivery Date"*) a direct pay Credit Enhancement Agreement dated as of the date hereof (the *"Credit Enhancement Agreement"*) between the Federal Home Loan Mortgage Corporation (*"Freddie Mac"* or the *"Credit Facility Provider"*) and the Trustee, which will provide for (a) draws in an amount equal to the Guaranteed Payments (as hereinafter defined) with respect to the Bond Mortgage Loan, and (ii) the payment of the Purchase Price (as hereinafter defined) of the Bonds during any period the Bonds bear interest at the Variable Rate

(as hereinafter defined), to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase while the Bonds bear interest at a Variable Rate; and

WHEREAS, Prudential Affordable Mortgage Company (the *"Servicer"*) shall act as the initial servicer for the Bond Mortgage Loan; and

WHEREAS, the Borrower's reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement will be evidenced by a Reimbursement and Security Agreement dated as of November 1, 2008 (the *"Reimbursement Agreement"*), between the Borrower and Freddie Mac; and

WHEREAS, to secure the Borrower's obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Trustee a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the *"Bond Mortgage"*), with respect to the Project; and

WHEREAS, to further secure the Borrower's reimbursement obligations to Freddie Mac under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac on the Delivery Date a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the *"Reimbursement Mortgage"*), with respect to the Project; and

WHEREAS, the Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of November 1, 2008 (the *"Intercreditor Agreement"*), in connection with Freddie Mac's provision of the Credit Enhancement Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All words and phrases (except for Event of Default) defined in the Indenture shall have the same meanings for the purposes of this Financing Agreement. In addition to the words and phases defined in the Indenture and elsewhere herein, the following words and phrases shall have the following meanings:

"Event of Default" means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

"Financing Agreement" means this Financing Agreement, together with any amendments to this Financing Agreement.

"Taxes" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax

liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

"Wrongful Dishonor" means the failure of the Credit Facility Provider to honor a draw made in accordance with the terms of the Credit Facility (which draw strictly complies with, and conforms to, the terms and conditions of the Credit Facility).

Section 1.2. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Financing Agreement are the Articles, sections and other subdivisions of this Financing Agreement as originally executed.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Financing Agreement; the term "heretofore" means before the date of execution of this Financing Agreement; and the term "hereafter" means after the date of execution of this Financing Agreement.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. Subject to the concluding paragraph of this Section 2.1, the Issuer makes the following representations and covenants:

(a) The Issuer is a political subdivison duly organized and validly existing under the Constitution and the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Financing Agreement, the Indenture and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Issuer has taken all action on its part for the issuance of the Bonds and for the sale, execution and delivery of the Bonds.

(d) Each of the Bond Financing Documents to which the Issuer is a party has been duly and validly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as the enforceability thereof may be limited by

bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Issuer has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of the Issuer described or contemplated in the Bond Financing Documents. The execution and delivery of the Bonds and the Bond Financing Documents to which the Issuer is a party, the consummation of the transactions on the part of the Issuer contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Issuer is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the Issuer of, and performance by the Issuer of its obligations under, the Bond Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, nor, to the knowledge of the Issuer, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the governing body of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Bond Financing Documents or the issuance, sale, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of the Bonds or any Bond Financing Document; (iv) questions the tax-exempt status of the interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under the Bonds or any Bond Financing Document, or to carry out the transactions contemplated by the Bonds and the Bond Financing Documents.

(h) No member of the County Board of the Issuer nor any other officer of the Issuer has any financial interest in the Borrower or the transactions contemplated hereby or by this Financing Agreement, the Indenture or any Bond Financing Document to which the Issuer is a party.

(i) Upon the discovery by the Issuer of any noncompliance by the Borrower with this Financing Agreement or the Tax Regulatory Agreement, the Issuer will notify the Trustee, the Servicer and the Credit Facility Provider of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Trustee to institute action, to correct such noncompliance, will diligently pursue such action, and will attempt to correct such noncompliance within sixty (60) days after such

discovery, subject to the provisions of the Indenture, this Financing Agreement and the Tax Regulatory Agreement.

(j) The Project is located within the corporate boundaries of the City of Waukegan, Lake County, Illinois.

It is expressly acknowledged that the Issuer makes no representation as to the financial position or business condition of the Borrower, and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Bonds, or as to the correctness, completeness or accuracy of such statements.

For purposes of making all of the representations and warranties made in this Section 2.1, the Issuer has relied, and hereby is relying, upon an opinion of Bond Counsel, dated the Closing Date, as to the qualification of the Project under the Act.

Section 2.2. Representations, Warranties and Covenants of the Borrower. The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Financing Agreement, are relied upon by the Issuer, the Servicer and the Trustee and serve as a basis for the undertakings of the Issuer, the Servicer and the Trustee contained in this Financing Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State and duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification. All corporate general partners, if any, of the Borrower are duly incorporated, organized and in good standing under the laws of their respective states of incorporation and are duly qualified to transact business in the State as foreign corporations. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as foreign partnerships.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project, and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Bond Financing Documents to which it is a party.

(c) Each of the Bond Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Bond Financing Documents.

(e) None of the execution and delivery of the Bond Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Bond Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Bond Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower or its general partner, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower or its general partner is subject, or any of the organizational or other governing documents of the Borrower or its general partner, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower or its general partner is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or its general partner, except for any lien, charge or encumbrance permitted under the terms of the Bond Financing Documents.

(f) The Borrower shall not cause or permit the Project, or any interest therein, to be sold, assigned or transferred, except as provided in the Bond Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Bond Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, or the loaning of the proceeds of the Bonds to the Borrower or the execution and delivery of the Bonds or any of the Bond Financing Documents, (iv) adversely affect the validity or enforceability of the Bonds or any of the Bond Financing Documents, or (v) adversely affect the exclusion of the interest on the Bonds from gross income of the owners of the Bonds for federal income tax purposes.

(h) After completion of the acquisition, rehabilitation and equipping of the Project, the Project and the operation of the Project (in the manner contemplated by the Bond Financing Documents) will conform with the requirements of the Act, and will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(i) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(j) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, which default would materially adversely affect the transactions contemplated by the Bond Financing Documents or the operations of the Borrower or the enforceability of the Bond Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(k) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(l) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Financing Agreement shall prevent the Borrower from issuing additional partnership interests if such units are issued in accordance with all applicable securities laws.

(m) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate.

(n) The information, statements or reports furnished in writing to the Issuer or the Credit Facility Provider by the Borrower in connection with this Financing Agreement or the consummation of the transactions contemplated hereby (including, without limitation, any written information furnished by the Borrower in connection with the preparation of the Official Statement for the Bonds and of any other materials related to the issuance, delivery or offering of the Bonds on the Delivery Date) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or the assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(o) To the knowledge of the Borrower, no member of the County Board of the Issuer nor any other officer or employee of the Issuer has any financial interest in the Borrower or the transactions contemplated hereby or by this Financing Agreement, the Indenture or any other Bond Financing Document to which the Issuer is a party.

(p) The Borrower intends to hold the Project for its own account, and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project.

(q) The Project is located wholly within the boundaries of (i) the City of Waukegan, Illinois, (ii) Lake County, Illinois, and (iii) the jurisdiction of the Issuer.

(r) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act.

(s) The information contained in the Official Statement, insofar as such information relates to the Borrower and the Project, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact pertaining to the Borrower and the Project necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(t) The Indenture and the Credit Enhancement Agreement have been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the drafting of the Indenture and has reviewed the Credit Enhancement Agreement and that it is bound by, shall adhere to the provisions of, and shall have the rights set forth by the applicable terms and conditions of, the Indenture.

(u) The Borrower intends to use, and will use, the Project, in such a manner so as to maintain the status of the Project as a "project," and a "residential project," within the meaning of the Act and the Code, respectively, for at least the duration of this Agreement.

(v) The Borrower will comply with the provisions of Section 148 of the Code, and in that connection, has executed and delivered the Tax Certificate.

(w) The Borrower will not make any payments, or agreements to pay, to a party, other than the United States of America, an amount that is required to be paid to the United States of America under the rebate requirements of Section 148(f) of the Code by entering into any transaction that reduces the rebatable amount because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. The Borrower will not acquire with the proceeds of the Bonds any certificate of deposit, investment contract, or any other type of investment which does not comply with the provisions of the Code, the Regulatory Agreement and the Tax Certificate.

(x) The information furnished by the Borrower and used by the Issuer in preparing the Form 8038, Information Return for Private Activity Bond Issues, which has been filed by or on behalf of the Issuer with the Internal Revenue Service Center in Ogden, Utah, pursuant to Section 149(e) of the Code, was true, correct and complete as of the date of filing of said Form 8038.

(y) The weighted average maturity of the Bonds does not exceed 120% of the weighted average estimated economic life of the components compromising the Project, as determined pursuant to Section 147(b) of the Code.

(z) The Project will further the public purposes set forth in the Act by retaining and increasing employment within the jurisdiction of the Issuer.

(aa) The Bonds are not "federally guaranteed" as defined in Section 149(b) of the Code.

(bb) Neither the Borrower nor any "related person" to the Borrower (within the meaning of Section 147(a)(2) of the Code) will purchase the Bonds pursuant to any arrangement, formal or informal.

(cc) The Borrower will cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws.

(dd) No part of the Project was acquired, constructed or equipped, by the Borrower or any related person and no Costs of the Project were incurred or expended, on or before sixty (60) days prior to December 11, 2007.

(ee) None of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, and none of the proceeds of the Bonds will be used for the acquisition of land to be used for farming or industrial park purposes.

(ff) The property comprising the Project constitutes and will constitute at all times during the term of this Agreement, either land or property of a character subject to the allowance for depreciation under the Code; at least 95% of the net proceeds of the Bonds are being used to finance the cost of land and such property; and all expenditures for and all costs of the Project will be charged to a capital account for federal income tax purposes, or would be so chargeable either with a proper election or but for a proper election to deduct. In estimating the costs of the Project, no amount has been included which, under the federal income tax laws, was or will be deductible by the Borrower in the year in which it was paid or incurred other than through an allowance for depreciation. No portion of the proceeds from the sale of the Bonds will be used to provide working capital or to finance inventory.

(gg) Less than twenty-five percent (25%) of the proceeds of the Bonds are to be used to finance the acquisition of land or any interest therein; and no portion of the proceeds of the Bonds is to be used to finance the acquisition of any property (or an interest therein), other than (i) property the first use of which is pursuant to such acquisition, and (ii) any building (and any equipment purchased as a part thereof, if any) if the "rehabilitation expenditures," as defined in Section 147(d) of the Code, with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (including such equipment) financed with the proceeds of the Bonds.

Section 2.3. Representations and Warranties of the Trustee. The Trustee makes the following representations and warranties:

(a) The Trustee is a national banking association duly organized and validly existing under the laws of the United States of America.

(b) The Trustee has all necessary power (including corporate trust powers) and authority (i) to execute and deliver, (ii) to perform its obligations under the Bond Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by the Bond Financing Documents.

(c) The Trustee has duly authorized (i) the execution and delivery of, and (ii) the performance by the Trustee of its obligations under, the Bond Financing Documents to which it is a party, as well the actions of the Trustee contemplated by the Bond Financing Documents.

(d) Each of the Bond Financing Documents to which the Trustee is a party has been duly executed and delivered by the Trustee, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Trustee meets the qualifications to act as Trustee under the Indenture.

(f) The Trustee has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Trustee described or contemplated in the Bond Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Trustee as a prerequisite to (i) the execution and delivery of the Bond Financing Documents to which it is a party, (ii) the authentication or delivery of the Bonds, (iii) the performance by the Trustee of its obligations under the Bond Financing Documents to which it is a party, or (iv) the consummation of the transactions

contemplated by the Bond Financing Documents to which it is a party. The Trustee makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.4. Arbitrage and Rebate Fund Calculations. The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Indenture, and (b) if required to do so under Section 4.12 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 4.12 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.5. Tax Covenants of the Borrower. The Borrower hereby covenants and agrees:

(a) It will at all times comply with the terms of the Tax Certificate and the Tax Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Bonds to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain such exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the interest on the Bonds;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Bonds, and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Regulations, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Bonds becoming includible in gross income of the owners thereof for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee and the Servicer.

Section 2.6. Enforcement of Bond Financing Documents. The Trustee may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Bond Financing Documents as and to the extent set forth therein.

ARTICLE III

THE BOND MORTGAGE LOAN

Section 3.1. Conditions to Funding the Bond Mortgage Loan. Upon initial delivery of the Bonds, the Issuer shall cause the Bond proceeds to be deposited with the Trustee in accordance with Section 2.11 and 2.11A of the Indenture and Section 3.3 of this Financing Agreement. The Trustee shall use such proceeds as provided in Article IV of the Indenture; *provided,* that no such disbursements of proceeds of the Bonds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Trustee the Bond Mortgage Note in the form attached hereto as Exhibit A, with only such changes therein as shall be approved in writing by the Credit Facility Provider;

(b) The Bond Mortgage and the Reimbursement Mortgage shall have been executed and delivered by the Borrower and filed for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the "Recorder's Office");

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto, and shall have been filed for recording in the Recorder's Office, and the Trustee shall have received evidence satisfactory to it of such filing;

(d) The Credit Facility and all other Bond Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Trustee; and

(e) The Borrower shall have delivered to the Trustee, the Issuer, the Servicer and the Credit Facility Provider a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.2 hereof, and an opinion of its counsel or other counsel satisfactory to the Trustee, the Issuer, the Servicer and the Credit Facility Provider.

Section 3.2. Terms of the Bond Mortgage Loan; Servicing. (a) The Bond Mortgage Loan shall (i) be evidenced by the Bond Mortgage Note; (ii) be initially secured by the Credit Facility; (iii) be in the principal amount of $26,000,000; (iv) bear interest as provided in the Bond Mortgage Note; (v) provide for monthly payments into the Principal Reserve Fund in accordance with the Principal Reserve Schedule; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Bond Mortgage Note.

(b) The Servicer shall service the Bond Mortgage Loan pursuant to the Commitment and the Guide. The Issuer, the Trustee and the Borrower acknowledge and agree that (i) selection or removal of any Servicer is in the sole and absolute discretion of the Credit Facility Provider; (ii) neither the Issuer nor the Trustee shall terminate or attempt to terminate any Servicer as the servicer for the Bond Mortgage Loan or appoint or attempt to appoint a substitute servicer for the Bond Mortgage Loan; (iii) the Commitment and the Guide are both subject to amendment without the consent of the Trustee, the Issuer or the Borrower; and (iv) none of the Trustee, the Issuer or the Borrower shall have any rights under, or be a third party beneficiary of, the Guide. The Servicer shall have the right to collect all payments made by the Borrower in connection with the Bond Mortgage Loan and to receive copies of all reports and notices provided for by the Bond Financing Documents.

Section 3.3. Initial Deposits. On the Delivery Date, proceeds of the Bonds in the amount of $26,000,000 shall be deposited in the Bond Mortgage Loan Fund. Amounts in the Bond Mortgage Loan Fund are to be disbursed to the Borrower as provided in Section 2.11(d) of the Indenture. The Borrower will also deposit with the Trustee the sum of $_____ for credit to the Cost of Issuance Fund.

To the extent that amounts in the Cost of Issuance Fund are insufficient to pay all costs of issuing the Bonds, the Borrower shall cause the payment of such additional costs of issuing the Bonds to be made on its behalf as such amounts become due.

Section 3.4. Assignment to Trustee. The parties hereto acknowledge, and the Borrower consents to, the assignment by the Issuer to the Trustee pursuant to the Indenture of all of the Issuer's right, title and interest in this Financing Agreement (excluding the Unassigned Rights), the Bond Mortgage Loan, the Bond Mortgage, the Revenues and the Credit Facility as security for the payment of the Purchase Price of, principal of, premium, if any, and interest on the Bonds and the payment of the Freddie Mac Credit Enhancement Fee and Freddie Mac Reimbursement Amount.

Section 3.5. Investment of Funds. Except as otherwise provided in the Indenture, any money held as a part of any fund or account established under the Indenture shall be invested or reinvested by the Trustee in Qualified Investments in accordance with Section 4.08 of the Indenture.

Section 3.6. Damage; Destruction and Eminent Domain. If, prior to payment in full of the Bonds, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Issuer, the Borrower, the Trustee or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Bond Mortgage Loan Documents and the Indenture.

Section 3.7. Continuing Disclosure Requirements. The Borrower hereby covenants and agrees that, at least 30 days prior to any time the Bonds are to bear interest at a Reset Rate or Fixed Rate, it will promptly execute and deliver to the Trustee and the Issuer a continuing

disclosure agreement complying with Securities and Exchange Commission Rule 15c2-12, as amended (the *"Rule"*), or deliver to the Trustee and the Issuer an opinion of counsel to the effect that the requirements of the Rule are not applicable as a result of the change in interest rate mode. Notwithstanding any other provision of this Financing Agreement, failure of the Borrower to comply with any continuing disclosure agreement shall not be considered an Event of Default hereunder; however, the Trustee, at the written request of any underwriter of the Bonds required to comply with the Rule or the owners of at least 25% in aggregate principal amount in Outstanding Bonds or the Credit Facility Provider, shall, but only to the extent indemnified to its satisfaction, or any owner of a Bond may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with its obligations under this Section.

ARTICLE IV

LOAN PAYMENTS

Section 4.1. Payments Under the Bond Mortgage Note; Independent Obligation of Borrower. (a) The Borrower agrees to repay the Bond Mortgage Loan on the dates and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption (with premium, if applicable), acceleration, tender, purchase or otherwise. If the Borrower purchases or otherwise acquires an interest rate hedge with respect to the Bonds which is an interest rate swap whereby the Borrower's obligations thereunder are to make fixed rate payments and the obligations of the counterparty are to pay floating rate payments, the Borrower shall remain liable to make all payments necessary hereunder to repay the Bond Mortgage Loan notwithstanding the payment by the Borrower of the fixed rate payments thereunder. The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Bond Mortgage Note or any provision of the Bond Mortgage Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Bond Mortgage Note or such provision of the Bond Mortgage Note shall be deemed to be the obligation of the Borrower pursuant to this Financing Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV, and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Bond Mortgage Note.

(b) The obligations of the Borrower to repay the Bond Mortgage Loan, to perform all of its obligations under the Bond Mortgage Loan Documents, to provide indemnification pursuant to Section 6.1 hereof, to pay costs, expenses and charges pursuant to Section 4.2 hereof and to make any and all other payments required by this Financing Agreement, the Indenture or any other documents contemplated by this Financing Agreement or by the Bond Mortgage Loan Documents shall, subject to the limitations set forth in Section 5.1 hereof, be absolute and

unconditional, and shall not be subject to diminution by setoff, recoupment, counterclaim, abatement or otherwise.

(c) Notwithstanding anything contained in any other provision of this Financing Agreement to the contrary (but subject to the provisions of Section 5.1 hereof and the Intercreditor Agreement), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and the Borrower's general partner, payable from and enforceable against any and all income, assets and properties of the Borrower: (i) the Borrower's obligations to the Issuer and the Trustee under Section 4.2(b)(i), (ii), (iv) and (v) of this Financing Agreement; (ii) the Borrower's obligations under Section 6.1 of this Financing Agreement; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Bonds as provided in this Financing Agreement and the Tax Certificate; and (iv) the Borrower's obligation to pay legal fees and such expenses under Section 7.4 of this Financing Agreement.

Section 4.2. Payment of Certain Fees and Expenses Under the Bond Mortgage Note. (a) In addition to the payments set forth in Section 4.1 hereof, payments to be made by the Borrower under the Bond Mortgage Note include certain money to be paid in respect of, among others, the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Counterparty in connection with any Hedge Agreement, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule payments pursuant to Section 4.6 hereof and amounts required to be deposited in a Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents, as set forth in subsection (b) hereof. To the extent that any portion of the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the fixed rate payment to the Counterparty to the Hedge Agreement if the Hedge is an interest rate swap, the Remarketing Agent's Fee, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule payments pursuant to Section 4.6 hereof and amounts required to be deposited in a Custodial Escrow Account remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Indenture or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b).

(b) The Borrower shall pay (or cause to be paid by the Trustee, to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable), in consideration of the funding of the Bond Mortgage Loan, the following fees, expenses and other money payable in connection with the Bond Mortgage Loan:

(i) On the Delivery Date, from moneys on deposit in the Cost of Issuance Fund or, to the extent such moneys are insufficient for such purpose, from other moneys of the Borrower, to Freddie Mac, the closing fee of Freddie Mac set forth in Section 3.1 of the Reimbursement Agreement, together with all third party and out-of-pocket expenses of Freddie Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Bond Mortgage Loan and the Credit Enhancement Agreement.

(ii) On the Delivery Date, from moneys on deposit in the Cost of Issuance Fund or, to the extent such moneys are insufficient for such purpose, from other moneys of the Borrower, to the Issuer, an initial financing fee in an amount equal to $260,000, together with all third party and out-of-pocket expenses of the Issuer (including but not limited to the fees and expenses of counsel to the Issuer) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other moneys of the Borrower, to the Trustee, an acceptance fee (which includes the initial annual fee) in an amount equal to $_____, together with all third party and out-of-pocket expenses of the Trustee (including but not limited to the fees and expenses of counsel to the Trustee) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(iv) From money of the Borrower, to the Trustee, within two (2) Business Days of receipt from the Trustee of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Indenture, the amount of any such deficiency in the Administration Fund.

(v) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Trustee, the Ordinary Trustee's Fees and Expenses and the Extraordinary Trustee's Fees and Expenses when due from time to time.

(vi) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Issuer, the Issuer Fee when due and any extraordinary expenses not covered by the Issuer Fee the Issuer may incur in connection with the Bond Financing Documents or the Project from time to time.

(vii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Indenture and this Financing Agreement when due from time to time.

(viii) From amounts withheld by the Servicer as provided in the Guide, to Freddie Mac, the Freddie Mac Credit Enhancement Fee due and owing from time to time.

(ix) From moneys on deposit in the Administration Fund or, to the extent such moneys are insufficient for such purpose, from other moneys of the Borrower, to Freddie Mac, the amount of any Freddie Mac Reimbursement Amount due and owing from time to time but unpaid and any portion of the Freddie Mac Credit Enhancement Fee remaining unpaid as provided in Section 4.06 of the Indenture.

(x) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the Ordinary Servicing Fees and Expenses due and owing from time to time.

(xi) From moneys on deposit in the Administration Fund or, to the extent such moneys are insufficient for such purpose, from other moneys of the Borrower, to the Servicer, the amount of any portion of the Ordinary Servicing Fees and Expenses remaining unpaid and any Extraordinary Servicing Fees and Expenses.

(xii) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the amounts required to be deposited in a Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents from time to time.

(xiii) From moneys on deposit in the Administration Fund or, to the extent such moneys are insufficient for such purpose, from other moneys of the Borrower, to the Servicer, the amounts required to be deposited in the Custodial Escrow Account remaining unpaid.

(xiv) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Remarketing Agent, the Remarketing Agent's Fees remaining unpaid.

(xv) From money on deposit in the Administration Fund, or to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rating Agency, the annual rating maintenance fee, if any, of the Rating Agency.

(xvi) From money on deposit in the Administration Fund, or to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Counterparty, the fixed rate payment due pursuant to the Hedge Agreement if the Hedge is an interest rate swap.

Section 4.3. Payments to Rebate Fund. The Borrower shall pay when due to the Trustee at its Principal Office any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Indenture.

Section 4.4. Prepayment of Bond Mortgage Loan. The Borrower shall have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the Outstanding Bonds in accordance with the provisions of the Indenture, this Financing Agreement, the Reimbursement Agreement and the Bond Mortgage Note, but only with the prior written consent of the Credit Facility Provider and the payment of any amount due under the next succeeding paragraph. The Borrower shall be required to prepay the Bond Mortgage Loan in each case that Bonds are required to be redeemed in accordance with the terms and conditions set forth in the Indenture.

In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower shall pay, or cause to be paid to the Servicer or other party as directed by the Credit Facility Provider (or, if no Credit

Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), such premium to be paid in Eligible Funds not consisting of funds drawn under the Credit Facility, and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the redemption date, together with a sum sufficient to pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under this Financing Agreement, the Indenture and the Reimbursement Agreement. The Borrower shall provide notice of the prepayment to the Issuer, the Trustee, the Remarketing Agent, the Credit Facility Provider and the Servicer in writing forty-five (45) days, or such shorter time as is possible in the case of mandatory prepayments, prior to the date on which the Borrower will make the prepayment. Each such notice shall state, to the extent such information is available (a) the amount to be prepaid, (b) the date on which the prepayment will be made by the Borrower, and (c) the cause for the prepayment, if any.

Section 4.5. Borrower's Obligations Upon Redemption or Tender. In the event of any redemption of the Bonds prior to maturity, the Borrower will timely pay, or cause to be paid through the Servicer, to the Trustee an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the date fixed for redemption and premium, if any, such premium to be paid in Eligible Funds not consisting of funds drawn under the Credit Facility. In addition, the Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds. In the event that on any optional tender date or mandatory tender date under and as provided in Sections 10.01, 10.02, 2.13 or 3.06 of the Indenture, Bonds are tendered and not remarketed by the Remarketing Agent, and remarketing proceeds are not available for the purpose of paying the purchase price of such Bonds, the Borrower will cause to be paid, under and subject to the terms of the Credit Facility and the Reimbursement Agreement, to the Trustee by the applicable times provided in the Indenture an amount equal to the principal amount of such Bonds tendered and not remarketed, together with interest accrued thereon to the optional tender date or mandatory tender date, as the case may be. The Borrower acknowledges that Purchased Bonds will be purchased by the Trustee for and on behalf of, and registered in the name of, the Borrower, and will be pledged to the Credit Facility Provider pursuant to the Pledge Agreement.

Section 4.6 Principal Reserve Fund. The Borrower shall make payments to the Servicer for remittance to the Trustee for deposit into the Principal Reserve Fund at the times and in the amounts set forth in the Reimbursement Agreement. Amounts on deposit in the Principal Reserve Fund shall be applied as provided in the Indenture.

Amounts on deposit in the Principal Reserve Fund shall not be credited against the principal amount of the Bond Mortgage Note or be deemed to be interest payments on the Bond Mortgage Loan until the date such amounts are withdrawn from the Principal Reserve Fund and used to reimburse the Credit Facility Provider for amounts paid under the Credit Facility to redeem or otherwise pay the principal of or interest on the Bonds.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.1. Performance of Obligations. The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Bond Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, on the dates and in the manner set forth herein and therein.

Except with respect to the obligations of the Borrower set forth in Sections 2.4, 2.5, 4.2, 5.8, 7.4, 8.14 and 8.15 and Article VI hereof, but otherwise notwithstanding any other provisions of this Financing Agreement to the contrary, the obligations of the Borrower under this Financing Agreement are a non-recourse liability of the Borrower on the same non-recourse basis as more fully set forth in the Reimbursement Agreement. However, nothing in this Section shall limit the right of the Issuer, the Trustee, the Servicer or the Credit Facility Provider to proceed against the Borrower to recover any fees owing to any of them or any actual out of pocket expenses (including but not limited to actual out of pocket attorneys' fees incurred by the Issuer and reasonable out of pocket attorneys' fees incurred by the others) incurred by any of them in connection with the enforcement of any rights under this Financing Agreement or other Bond Financing Documents. Nothing in this Section shall limit any right that the Servicer or the Credit Facility Provider may have to enforce the Bond Mortgage Note, the Bond Mortgage, or any other Bond Mortgage Loan Document in accordance with their terms. Notwithstanding anything herein to the contrary, the Borrower shall not have any recourse liability with respect to the payment of the principal of, premium, if any, or interest on the Bonds.

Section 5.2. Compliance With Applicable Laws. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.3. Indenture Provisions. The execution of this Financing Agreement shall constitute conclusive evidence of approval of the terms and provisions of the Indenture by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

Section 5.4. Alternate Credit Facility. The Borrower, with the prior written confirmation of the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied (but without the consent of the Issuer, the Trustee or the owners of the Bonds), may, on any Interest Payment Date during a Variable Period, on any Reset Adjustment Date, on any Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date (but no later than thirty (30) days prior to the expiration date of the Credit Facility unless an irrevocable commitment to extend the Credit Facility has been delivered to the Trustee satisfying the requirements of the Indenture, if applicable), and, following the beginning of a Reset Period, on any Interest Payment Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the date fixed for redemption and subject to the

terms of the Credit Facility and Reimbursement Agreement, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Credit Facility then in effect (referred to in this Section 5.4 as *"credit support"*) and, if applicable, for payment of the Purchase Price of Bonds delivered or deemed delivered in accordance with Article X of the Indenture (referred to in this Section 5.4 as *"liquidity support"*); *provided,* that, without the consent of the Borrower (and without the consent of the Issuer, the Trustee or the Bondholders), the Credit Facility Provider may provide any other form of "credit support" or "liquidity support" (or combination thereof) issued by the Credit Facility Provider in substitution for then existing Credit Facility if (a) the conditions of Section 8.05 of the Indenture are satisfied, or (B)(i) the Rating Agency confirms in writing that such substitution will not result in a reduction, withdrawal or qualification of the then current rating on the Bonds, (ii) the Credit Facility Provider delivers to the Issuer and the Trustee an opinion of counsel satisfying the requirements of subsection (c) of this Section, and (iii) such substitute "credit support" or "liquidity support"(or combination thereof) does not increase the amounts required to be paid by, or other obligations of, the Borrower. Any Alternate Credit Facility shall satisfy the following conditions, as applicable:

(a) An Alternate Credit Facility may be issued to provide only credit support or only liquidity support so long as a separate Credit Facility provides, at all times while such Alternate Credit Facility is in effect, complementary credit support or liquidity support, as the case may be, so that at all times while any of the Bonds bear interest at the Variable Rate or the Reset Rate such Bonds shall be entitled to credit support and to the liquidity support required by such respective mode; *provided,* that in no event shall Freddie Mac be obligated to provide only liquidity or credit support if any Person other than Freddie Mac provides either liquidity or credit support. During the Fixed Rate Period, the Bonds shall be entitled to credit support only and no Alternate Credit Facility may be provided.

(b) The Alternate Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the Interest Requirement (or otherwise provide coverage satisfactory to the Rating Agency); (ii) 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 extraordinary mandatory redemption date pursuant to the Indenture; (iii) if the Alternate Credit Facility is provided to secure Bonds during a Reset Period, provide an expiration date no earlier than the earliest of (a) the day following the Reset Adjustment Date immediately succeeding the Reset Period; (b) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default hereunder or a default under and as defined in the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (c) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; and (d) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Reimbursement Agreement; (iv) unless waived by the Issuer in its sole discretion, result in the Bonds receiving a long term rating or short term rating, or both, as applicable for the mode then in effect, for the long term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses, and for the short term rating in the highest rating category of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(c) In connection with the delivery of an Alternate Credit Facility, the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility, its enforceability, that the statements made relating to the Alternate Credit Facility and Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bonds are true and correct, that the Alternate Credit Facility is not required to be registered under the Securities Act of 1933, and, if required by the Rating Agency, that payments made by the Alternate Credit Facility Provider pursuant to the Alternate Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a general partner of the Borrower or by the Issuer under the Bankruptcy Code; (ii) an Opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility does not adversely affect the exclusion of the interest payable on the Bonds from gross income of the owners thereof, for federal income tax purposes; and (iii) the delivery of a continuing disclosure agreement if required by Section 3.7 of this Financing Agreement.

Section 5.5. Borrower to Maintain Its Existence; Certification of No Default. (a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Bond Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Trustee a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Bond Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge after due inquiry, there has occurred no default under any Bond Financing Document.

Section 5.6. Borrower to Remain Qualified in State and Appoint Agent. The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.7. Sale or Other Transfer of Project. Subject to the Intercreditor Agreement, the Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Bond Mortgage Loan Documents and upon receipt of the prior written consent of the Issuer and the Credit Facility Provider.

Section 5.8. Right to Perform Borrower's Obligations. In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Trustee and/or the Servicer, after giving requisite notice, if any, and subject to the Intercreditor Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Trustee or the Servicer shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Bond Mortgage Loan Documents.

Section 5.9. Notice of Certain Events. The Borrower shall promptly advise the Issuer, the Trustee and the Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10. Survival of Covenants. The provisions of Sections 2.4, 2.5, 4.2, 4.3, 7.4, 8.14 and 8.15 and Article VI of this Financing Agreement shall survive the expiration or termination of this Financing Agreement.

Section 5.11. Access to Project; Records. Subject to reasonable notice, the Issuer, the Trustee, the Servicer and the Credit Facility Provider, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to enter the Project and any other location containing the records relating to the Borrower, the Project, the Bond Mortgage Loan and the Borrower's compliance with the terms and conditions of the Bond Financing Documents, and to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Bond Mortgage Loan and the Borrower's compliance with the terms and conditions of the Bond Financing Documents, and shall have the right to require the Borrower, at the Borrower's sole expense, to furnish such documents to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, as the Issuer, the Trustee, the Servicer or the Credit Facility Provider, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Bond Financing Documents have been complied with and to make copies of any records that the Issuer, the Trustee, the Servicer or the Credit Facility Provider or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, such information concerning the Project, the Bond Mortgage and the Bond Financing Documents as any of them may reasonably request.

Section 5.12. Tax-Exempt Status. The Borrower hereby covenants with the Issuer and for and on behalf of the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds," within the meaning of Section 148 of the Code, and any lawful Regulations promulgated thereunder, as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised. The Borrower also covenants for the benefit of the owners of the Bonds to comply with all of the provisions of the Regulatory Agreement and the Tax Certificate. The Borrower reserves the right, however, to make any investment of such moneys permitted by State law, if, when and to the extent that said Section 148 or Regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final judgment of a court of competent jurisdiction, but only upon receipt of an opinion of Bond Counsel that such investment does not have a material adverse effect on the tax status of the interest on the Bonds for federal income tax purposes. Notwithstanding any other provision hereof, the Borrower hereby covenants and agrees that it will not take or authorize or permit any action to be taken with respect to the Project or the proceeds of the Bonds (including investment earnings thereon), or any other proceeds derived directly or indirectly in connection with the Project, which will

result in the loss of the exclusion of interest on the Bonds from the gross income of the owners of the Bonds for federal income tax purposes; and the Borrower also will not omit to take any action in its power which, if omitted, would cause the above result.

Neither the Issuer nor the Borrower shall cause any proceeds of the Bonds to be expended except pursuant to the Indenture. The Borrower shall not (1) requisition or otherwise allow any payment out of the proceeds of the Bonds (i) if such payment is to be used for the acquisition of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition, provided that this clause (i) shall not apply to any building (and the equipment purchased as a part thereof, if any) if the "rehabilitation expenditures", as defined in Section 147(d) of the Code, with respect to the building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring the building (including such equipment) financed with the proceeds of the Bonds, (ii) if as a result of such payment, twenty-five percent (25%) or more of the proceeds of the Bonds would be considered as having been used directly or indirectly for the acquisition of land (or an interest therein), (iii) if, as a result of such payment, less than 95% of the net proceeds of the Bonds, expended at the time of such requisition would be considered as having been used for costs of the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation for use as a "qualified residential rental project" within the meaning of Section 142(d) of the Code, or (iv) if such payment is used to pay Costs of Issuance (including attorneys' fees and placement fees) in excess of an amount equal to two percent (2%) of the principal amount of the Bonds; (2) take or omit, or permit to be taken or omitted, any other action with respect to the use of such proceeds the taking or omission of which would result in the loss of exclusion of interest on the Bonds from gross income for purposes of federal income taxation; or (3) take or omit, or permit to be taken or omitted, any other action, the taking or omission of which would cause the loss of such exclusion. Without limiting the generality of the foregoing, the Company shall not permit (i) the proceeds of the Bonds to be used directly for the acquisition of land (or an interest therein) or so that any of the proceeds are used for the acquisition of land (or an interest therein) to be used for farming purposes; and (ii) any of the proceeds of the Bonds to be used to provide any airplane, skybox or other private luxury box, any health club facility, any facility primarily used for gambling or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

The representations and covenants contained in the Regulatory Agreement and the Tax Certificate are hereby incorporated herein by reference to the same extent and effect as if they were set forth in full in this Financing Agreement.

ARTICLE VI

INDEMNIFICATION

Section 6.1. Borrower's Obligations. The Borrower shall indemnify and hold harmless the Issuer, the Trustee, the Servicer and the Credit Facility Provider and their respective past, present or future elected or appointed officers, directors, agents, attorneys, officials, employees (and, as to the Issuer, members of its governing body) and any person who controls the Issuer, the Trustee, the Servicer or the Credit Facility Provider within the meaning of the Securities Act

of 1933, from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Servicer and the Credit Facility Provider and their respective past, present or future elected and appointed officers, directors, employees, attorneys, agents, members of its governing body, officials and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an *"Indemnified Party"*) from and against, any and all losses, claims, damages, liabilities and expenses (including attorneys' fees and expenses), taxes, causes of action, suits and judgments of any nature, joint or several, by or on behalf of any person arising out of:

(a) the approval of financing for the Project or in connection with the Bond Mortgage Loan;

(b) the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any person other than the party seeking indemnification in connection therewith, including, but not limited to, any (i) statement or information made by the Borrower with respect to the Borrower or the Project in any offering document or materials regarding the Bonds, the Project or the Borrower or in the Project Certificate of the Borrower or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect, (ii) untrue statement or alleged untrue statement of a material fact relating to the Borrower or the Project contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to the Borrower or the Project required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, (iii) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could be sold;

(c) the interpretation, performance, enforcement, breach, default or amendment of the Bond Financing Documents or any other documents relating to the Project, the Bonds or in connection with any federal or state tax audit, or any questions or other matters arising under such documents;

(d) the Borrower's failure to comply with any requirement of this Agreement or the Regulatory Agreement;

(e) the condition of the Project (environmental or otherwise), including any violation of any law, ordinance, court order or regulation affecting the Project or any part of it;

(f) any damage or injury, actual or claimed, of whatsoever kind, cause or character, to property (including loss of use of property) or persons, occurring or allegedly occurring in, on or about the Project or arising out of any action or inaction of the Borrower or any of its agents, servants, employees or licensees, whether or not related

to the Project, or resulting from the acquisition, construction, design, rehabilitation, repair, operation, use or management of all or any part of the Project;

(g) the Trustee's acceptance or administration of the trusts created by, and the exercise of its powers or duties under, the Indenture or under this Agreement, the Regulatory Agreement, the Credit Enhancement Agreement, the Remarketing Agreement or any other agreements in connection with such agreements to which it is a party; and

(h) to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with transactions provided for in this Agreement and the other Bond Financing Documents or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating to the Bonds or the Project.

This indemnification shall extend to and include, without limitation, all costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except in the case of the foregoing indemnification of the Trustee, the Servicer or any of their Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person and in the case of the Credit Facility Provider damages caused by its willful misconduct or unlawful acts.

Section 6.2. Defense of Claims. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under Section 6.1, the Borrower, upon written notice from the Indemnified Party, will assume the investigation and defense of the action or proceeding, including the engagement of counsel selected by the Borrower, subject to the approval of the Indemnified Party in such party's sole discretion, and shall assume the payment of all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion; *provided, however,* that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to engage separate counsel in any action or proceeding and participate in the investigation and defense of such action or proceeding, and the Borrower shall pay the reasonable fees and expenses of such separate counsel if (i) the Indemnified Party determines that a conflict exists between the interests of the Indemnified Party and the interests of the Borrower or (ii) such separate counsel is engaged with the approval of the Borrower, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Issuer has the absolute right to employ separate counsel at the expense of the Borrower, and the Borrower shall pay the fees and expenses of such separate counsel.

Section 6.3. Borrower's Continuing Obligations. Notwithstanding any transfer of the Project to another owner in accordance with the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Article VI for all matters arising prior to such transfer, and, as a condition to the release of the transferor on and after the transfer date, the transferee must assume the obligations of the Borrower under this Agreement and the other Bond Financing Documents to which the Borrower is a party on and after the transfer date. Each Indemnified Party's rights under this Article VI shall survive the termination of this Agreement and the payment or defeasance of the Bonds.

Section 6.4. Limitation With Respect to the Credit Facility Provider. Notwithstanding anything in this Financing Agreement to the contrary, in the event that the Credit Facility Provider shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan, the Credit Facility Provider shall not be liable for any breach or default of any prior owner of the Project under this Financing Agreement, and shall only be responsible for defaults and obligations incurred or occurring during the period that the Credit Facility Provider is the owner of the Project. Accordingly, during any period that the Credit Facility Provider owns the Project and that this Article VI is applicable to the Credit Facility Provider, the Credit Facility Provider's obligations under this Article VI shall be limited to acts and omissions of the Credit Facility Provider occurring during the period of the Credit Facility Provider's ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. The following shall be "Events of Default" under this Financing Agreement and the terms "Event of Default" shall mean, whenever they are used in this Financing Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Bond Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Issuer for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Financing Agreement, the Bond Mortgage Note or the Bond Mortgage on the dates and in the amounts required by this Financing Agreement, the Bond Mortgage Note and the Bond Mortgage, as applicable;

(c) The Borrower's failure to observe and perform any of its other covenants, conditions or agreements contained herein, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given by the Issuer or the Trustee to the Borrower; provided, however, that if the failure shall be such that it can be corrected, but not within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; *provided further* that any such failure is cured within ninety (90) days of receipt of notice of such failure; or

(d) The occurrence of a default under the Reimbursement Agreement to the extent that the Credit Facility Provider provides written notice to the Trustee that such default constitutes an Event of Default under this Financing Agreement.

The occurrence of an Event of Default hereunder shall in the discretion of the Credit Facility Provider constitute a default under the Bond Mortgage Loan Documents and the Reimbursement Agreement.

Nothing contained in this Section is intended to amend or modify any of the provisions of the Bond Financing Documents or to bind the Issuer, the Trustee, the Servicer or the Credit Facility Provider to any notice and cure periods other than as expressly set forth in the Bond Financing Documents.

Section 7.2. Remedies on Default. Subject to Section 7.6 hereof and the provisions of the Intercreditor Agreement, whenever any Event of Default hereunder shall have occurred and be continuing, the Trustee or the Issuer where so provided may take any one or more of the following remedial steps:

(a) The Issuer shall cooperate with the Trustee as the Trustee acts pursuant to Section 6.02 of the Indenture.

(b) In the event any of the Bonds shall at the time be Outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may, without being required to give any notice (other than to the Issuer or the Trustee, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(d) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under this Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Financing Agreement.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture.

The provisions of this Section are subject to the further limitation that if, after any Event of Default hereunder all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder, and shall have paid the reasonable charges and expenses of the Issuer, the Trustee, the Servicer and the Credit Facility Provider, including reasonable attorneys' fees paid or incurred in connection with such default, and shall have paid

all amounts owed to the Credit Facility Provider, including, but not limited to, any Freddie Mac Reimbursement Amounts and Freddie Mac Credit Enhancement Fees, and if there shall then be no default existing under the Indenture, then and in every such case such Event of Default shall be waived and annulled, but no such waiver or annulment shall affect any subsequent or other Event of Default or impair any right consequent thereon.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Financing Agreement.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Financing Agreement and the Issuer, the Trustee, the Servicer or the Credit Facility Provider should employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Financing Agreement or in the Bond Mortgage Note, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Financing Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.6. Rights of Credit Facility Provider. Notwithstanding anything herein to the contrary, as long as a Wrongful Dishonor has not occurred with respect to the Credit Facility, none of the Issuer, the Trustee or any other person shall, upon the occurrence of an Event of Default hereunder or a default under any other Bond Financing Document, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan, except at the written direction of the Credit Facility Provider; *provided,* that this prohibition shall not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Tax Regulatory Agreement in order to provide for operation of the Project in accordance with the 1986 Code and the laws of the State, including the Act; and *provided further,* that this prohibition shall not be construed to limit the rights of the Issuer, the Trustee or the Servicer or any other indemnified party under Section 6.1 hereof to enforce its rights against the Borrower under Sections 2.4, 2.5, 4.2, 4.3, 7.4, 8.14 and 8.15 and Article VI hereof by mandamus or other suit, action or proceeding at law or in equity where such suit, action or proceeding does not seek any remedies under or with respect to the Bond Mortgage or cause acceleration of the Bond Mortgage Loan.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Notices. (a) Whenever in this Financing Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below. The Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Issuer:	The County of Lake, Illinois 18 North County Street Waukegan, Illinois 60085 Attention: County Clerk Telephone: (847) 377-2400 Telecopier: (847) 360-3608
with a copy to:	Lake County Partners 28055 Ashley Circle Suite 212 Libertyville, Illinois 60048 Attention: President Telephone: (847) 247-0137 Facsimile: (847) 247-0243
The Trustee:	The Bank of New York Mellon Trust Company, N.A. Two North LaSalle Street Chicago, Illinois 60602 Attention: Corporate Trust Department Telephone: Telecopier:

The Borrower: Whispering Oaks Associates, L.P.
c/o ATWO Development
1755 East Martin Luther King, Jr. Boulevard
Los Angeles, California 90058
Attention: Tim English
Telephone: (323) 231-4174
Facsimile: (323) 234-3072

with a copy to: Resch, Polster & Berger, LLP
9200 Sunset Blvd., 9th Floor
Los Angeles, California 90069
Attention: Jeffrey A. Rabin
Telephone: (310) 277-8300
Facsimile: (310) 552-3209

(which copy shall not constitute notice to the Borrower)

The Credit Facility Provider: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Director of Multifamily Loan Accounting
Facsimile: (703) 714 3273
Telephone: (703) 903 2000

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Associate General Counsel – Multifamily Legal Department
Telephone: (703) 903-2000
Facsimile: (703) 903-2885

with a copy to: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Telephone: (703) 903-2000
Facsimile: (703) 714-3003

The Servicer:	Prudential Affordable Mortgage Company 8401 Greensboro Drive, Suite 200 McLean, Virginia 22102 Attention: Loan Servicing (Whispering Oaks Apartments) Telephone: (Telecopier: (
The Remarketing Agent:	Banc of America Securities, LLC 600 Montgomery Street San Francisco, California 94111 Attention: Telephone: (Telecopier: (
The Tender Agent:	The Bank of New York Mellon Trust Company, N.A. Two North LaSalle Street Chicago, Illinois 60602 Attention: Corporate Trust Department Telephone: Telecopier:

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Credit Facility Provider and a duplicate copy of each notice or other communication given hereunder by any party to the Credit Facility Provider shall be given to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Financing Agreement; *provided, however,* that subsequent to such facsimile transmission of written instructions, the originally executed instructions and/or directions shall be provided to the Trustee in a timely manner.

(b) The Trustee shall provide to the Credit Facility Provider and the Servicer (i) prompt notice of the occurrence of any Event of Default hereunder, and (ii) any written information or other communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such information or other communication.

Section 8.2. Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated, and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Financing Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Financing Agreement shall bind its successors and assigns, and inure to the

benefit of the successors and assigns of the Issuer, the Trustee, the Servicer and the Credit Facility Provider.

Section 8.3. Governing Law. This Financing Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the internal laws, but not the conflicts of laws rules, of the State and, where applicable, the laws of the United States of America.

Section 8.4. Modifications in Writing. Modification or the waiver of any provisions of this Financing Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Credit Facility Provider and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given and so long as the interests of any owners of the Bonds are not adversely affected and the Trustee consents in writing thereto. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.5. Further Assurances and Corrective Instruments. The Issuer, the Trustee and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Credit Facility Provider) for correcting any inadequate or incorrect description of the performance of this Financing Agreement.

Section 8.6. Captions. The Section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Financing Agreement.

Section 8.7. Severability. The invalidity or unenforceability of any provision of this Financing Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect; *provided, however,* that no such invalidity or unenforceability shall require the Issuer to make any payments from revenues other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Financing Agreement (except such proceeds as may be derived by the Issuer pursuant to its Unassigned Rights) or impose any personal liability on any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer.

Section 8.8. Counterparts. This Financing Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.9. Amounts Remaining in Bond Fund or Other Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund or other funds and accounts established under the Indenture upon expiration or sooner termination of the term hereof, shall be paid in accordance with the Indenture.

Section 8.10. Effective Date and Term. This Financing Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Indenture shall terminate.

Section 8.11. Cross References. Any reference in this Financing Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Financing Agreement, an Article of this Financing Agreement, a Section of this Financing Agreement, a subsection of the Section of this Financing Agreement in which the reference appears and a paragraph of the subsection within this Financing Agreement, a subparagraph of the paragraph within this Financing Agreement or a clause within a sentence within this Financing Agreement in which the reference appears. All exhibits attached to or referred to in this Financing Agreement are incorporated by reference into this Financing Agreement.

Section 8.12. Credit Facility Provider and Servicer as Third-Party Beneficiaries. The parties hereto agree and acknowledge that the Credit Facility Provider and the Servicer are third-party beneficiaries of this Financing Agreement.

Section 8.13. Credit Facility Provider. Following the release of the Credit Enhancement Agreement by the Trustee pursuant to the terms of the Indenture and the provision of an Alternate Credit Facility, all notices to be provided Freddie Mac hereunder shall be provided to the Alternate Credit Facility Provider and payments to be made to Freddie Mac by the Servicer or from the Administration Fund shall be paid to the Alternate Credit Facility Provider.

Section 8.14. Non-Liability of Issuer. (a) The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Financing Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement.

(b) The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Financing Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any

right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor, subject to the non-recourse provisions of Section 5.1 of this Financing Agreement.

(c) All obligations of the Issuer under this Financing Agreement, the Tax Regulatory Agreement, the Indenture and the other Bond Financing Documents to which the Issuer is a party shall be special, limited obligations of the Issuer, payable solely and only from the Trust Estate. No owner or owners of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer, the State or any political subdivision hereof or other public body for the payment of the Bonds, nor to enforce the payment of the Bonds against any property of the Issuer, the State or any such political subdivision or other public body. No past, present or future director, member, elected or appointed officer, agent, employee, official or attorney of the Issuer, including any person executing this Financing Agreement on behalf of the Issuer, shall be liable personally under this Financing Agreement. No recourse shall be had for the payment of the principal of or the interest on the Bonds, for any claim based on or in respect of the Bonds or based on or in respect of this Financing Agreement, against any past, present or future director, member, elected or appointed officer, employee, official, attorney or agent, as such, of the Issuer or any successor whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Financing Agreement and as part of the consideration for the issuance of the Bonds, expressly waived and released. NOTHING CONTAINED HEREUNDER SHALL CREATE ANY INDEBTEDNESS OR BE CONSTRUED TO CREATE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM.

(d) Neither the issuance of the Bonds nor the delivery of this Financing Agreement shall, directly or indirectly or contingently, obligate the Issuer or the State or any political subdivision thereof to levy any form of taxation thereof or to make any appropriation for their payment. Nothing in the Bonds or in the Indenture or in this Financing Agreement or the proceedings of the Issuer authorizing the Bonds in the Act or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer or the State or any political subdivision thereof within the meaning of any constitutional or statutory provision. The Bonds, together with the premium, if any, and interest thereon, are not a general obligation of the Issuer, but are a special, limited obligation payable solely from Trust Estate, and shall be a valid claim of the respective owners thereof only against the Revenue Fund and other moneys held by the Trustee and the Trust Estate, which Trust Estate has been pledged, assigned and otherwise secured for the payment of the Bonds. The obligations of the Issuer under the Indenture and the Bonds shall not be deemed to constitute general obligation debt or a pledge of the faith and credit of the State or any political subdivision thereof, including the Issuer. Neither the State nor any political subdivision thereof, including the Issuer, shall be obligated to pay the obligations under the Indenture, the principal or purchase price of, premium, if any, or interest on the Bonds, or the other costs incident thereto, except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Issuer, is pledged to the payment of the obligations under the Indenture or the Bonds.

(e) No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Financing Agreement and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any other document executed by the Issuer in connection with the Bonds shall give rise to any other pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except out of payments to be made by the Borrower under this Financing Agreement other than payments to be made by the Borrower pursuant to the Unassigned Rights. No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant, obligation or agreement herein; *provided,* that no costs, expenses or other monetary relief shall be recoverable from the Issuer, except as may be payable by the Borrower. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State or any political subdivision thereof to pay the Bonds or the premium, if any, or interest thereon. The Bonds do not and shall never constitute or give rise to any pecuniary liability of the Issuer or a charge against the Issuer's general credit or powers. The Bonds do not and shall never constitute or evidence an indebtedness of the Issuer, the State or any political subdivision thereof within the meaning of any constitutional or statutory provision.

(f) Anything in this Financing Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation hereunder to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Borrower upon the request of the Issuer; and (iii) none of the provisions of this Financing Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

(g) All covenants, stipulations, representations, promises, agreements and obligations of the Issuer contained in this Financing Agreement or in the Bonds or in any other document executed in connection herewith or therewith shall be deemed to be the limited covenants, stipulations, representations, promises, agreements and obligations of the Issuer, and not of any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer in his or her individual capacity. No recourse shall be had against any such individual, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any sum that may be due and unpaid by the Issuer, upon the Bonds or under any obligation, covenant, stipulation, promise or agreement contained herein, in the Bonds or in any other document executed in connection herewith or therewith, and no recourse shall be had against any

of such persons on account of the issuance and sale of the Bonds or on account of any representations made in connection therewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of any such person to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owners of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any of the documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition to and in consideration for the issuance of the Bonds and the execution of this Financing Agreement and related documents.

(h) Anything in this Financing Agreement to the contrary notwithstanding, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof or of any related document until it shall have been requested to do so in writing by the Borrower or the Trustee, and shall have received from the Borrower, the Trustee or the owners of the Bonds, written assurance satisfactory to the Issuer that the Issuer will be reimbursed for its expenses, including attorneys' fees and expenses, incurred or to be incurred in connection with the taking of such action or execution of such instrument.

Section 8.15. No Liability of Officers. No recourse under or upon any obligation, covenant, or agreement or in any Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owner of any Bonds, of any sum that may be due and unpaid by the Issuer upon any of the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owner of any Bonds, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Financing Agreement and the issuance of the Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Financing Agreement and the Issuer has caused its corporate seal to be affixed hereto and to be attested, all as of the date first set forth above.

THE COUNTY OF LAKE, ILLINOIS

By:_____
Name: Suzi Schmidt
Title: Chairman

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By:_____
Name: _____
Title: _____

WHISPERING OAKS ASSOCIATES, L.P.,
an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3 , LLC, a California limited liability company, its Manager

By: _____
Tim English, Managing Member

EXHIBIT A
FORM OF BOND MORTGAGE NOTE

THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT),
SERIES 2008

BOND MORTGAGE NOTE

US $26,000,000 _____ ___, 2008

FOR VALUE RECEIVED, the undersigned, Whispering Oaks Associates, L.P. (the *"Borrower"*), promises to pay to the order of The Bank of New York Mellon Trust Company, N.A., as trustee (the *"Trustee"*), and its assigns, the principal sum of Twenty-Six Million Dollars (US $26,000,000), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Note is issued pursuant to that certain Financing Agreement dated as of October 1, 2008, by and among The County of Lake, Illinois (the *"Issuer"*), the Trustee and the Borrower (together with any and all amendments, modifications, supplements and restatements, the *"Financing Agreement"*) pursuant to which the Issuer has financed a mortgage loan in the principal amount of this Note from the Trustee to the Borrower (the *"Bond Mortgage Loan"*), and this Note is entitled to the benefits of the Financing Agreement and subject to the terms, conditions and provisions thereof. The Bond Mortgage Loan was funded with proceeds from the Issuer's $26,000,000 aggregate principal amount of The County of Lake, Illinois Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 (the *"Bonds"*) issued pursuant to the Trust Indenture dated as of November 1, 2008 (the *"Indenture"*), by and between the Issuer and the Trustee.

1. *Defined Terms*. As used in this Note, (i) the term "Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note. "Event of Default" and other capitalized terms used, but not defined in this Note shall have the meanings given to such terms in the Financing Agreement or the Indenture.

2. *Payments of Principal and Interest*. The Borrower shall pay, not later than 12:00 a.m., Washington, D.C. time, on the first Business Day of each month, commencing on _____, 2008, interest on this Note in an amount equal to the accrued and unpaid interest on the Bonds during the prior month, and shall also pay in the event of an optional or mandatory prepayment of this Note with respect to a corresponding optional or mandatory redemption or purchase or acceleration of all or part of the Bonds, interest on this Note in an amount equal to the accrued and unpaid interest on such Bonds to the date of redemption, purchase or acceleration, as applicable. The Borrower shall pay the principal of this Note in full on November 1, 20___ (the *"Maturity Date"*) or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment of this Note with respect

to a corresponding optional or mandatory redemption or purchase or acceleration of all or part of the Bonds, to pay the principal that equals the principal due with respect to the Bonds at such times.

The Borrower's repayment obligations under the Financing Agreement and this Note shall be reduced from time to time by and to the extent of any amounts drawn under the Credit Facility (as defined in the Indenture) and applied to the payment of debt service on the Bonds, provided that such reductions shall be credited only at the times and to the extent the Borrower has reimbursed the Credit Facility Provider (as defined in the Indenture) fully for such amounts. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Bonds. Notwithstanding anything to the contrary contained herein or the Financing Agreement, the payments in respect of the Bond Mortgage Loan evidenced hereby shall be sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity, upon tender and purchase or otherwise), the principal of and premium, if any, and interest on the Bonds at any time outstanding.

3. *Payment of Fees and Expenses; Other Required Payments*. The Borrower shall also pay fees and expenses under Section 4.2 of the Financing Agreement, rebate amounts under Section 4.3 of the Financing Agreement, Principal Reserve Fund amounts under Section 4.6 of the Financing Agreement and indemnification-related amounts under Section 6.1 of the Financing Agreement, as well as any other amounts owed under the Financing Agreement, when due and in accordance with the terms and provisions set forth therein.

4. *Manner of Payment; Deficiencies*. Subject to paragraph 8 below, all payments under this Note shall be made in lawful currency of the United States and in immediately available funds. The Borrower shall make its payments under this Note in Eligible Funds if and to the extent that the Indenture, the Financing Agreement or this Note requires such amount to be available to the Trustee in Eligible Funds. In the event of any deficiency in the funds available under the Indenture for payment of the principal of, premium, if any, or interest on the Bonds when due, the Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Issuer, the Servicer or the Trustee. The Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by the Borrower under this Note, any loss due to a default under any investment held by the Trustee, a change in value of any such investment or otherwise.

5. *Application of Payments*. If at any time the Lender receives, from the Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Lender, in the Lender's discretion. The Borrower agrees that neither the Lender's acceptance of a payment from the Borrower in an amount that is less than all amounts then due and payable nor the Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. *Security*. The Indebtedness is secured, among other things, by a multifamily mortgage, assignment of rents and security agreement dated as of the date of this Note (the *"Bond Mortgage"*). Reference is made to the Bond Mortgage for other rights of the Lender as to collateral for the Indebtedness.

7. *Acceleration*. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Lender, as governed by the Indenture, without any prior notice to the Borrower. The Lender may exercise this option to accelerate regardless of any prior forbearance.

8. *Limits on Personal Liability*. Except as otherwise provided in Section 5.1 of the Financing Agreement, payments under this Note are a nonrecourse obligation of the Borrower (as more fully described in the Financing Agreement) and the Lender's only recourse for the satisfaction of the Indebtedness shall be the Lender's exercise of its rights and remedies with respect to the Project and any other collateral held by the Lender as security for the Indebtedness. This limitation on the Borrower's liability shall not limit or impair the Lender's enforcement of its rights against any guarantor of any obligations of the Borrower.

9. *Prepayment*. This Note is subject to prepayment as specified in the Financing Agreement and the Indenture.

10. *Costs and Expenses*. The Borrower shall pay all expenses and costs, including reasonable fees and out of pocket expenses of attorneys, and fees and out of pocket expenses of expert witnesses and costs of investigation, incurred by the Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Bond Mortgage Loan Documents, including those incurred in post judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or nonjudicial foreclosure proceeding.

11. *Forbearance*. Any forbearance by the Lender in exercising any right or remedy under this Note any other document evidencing or securing the Bond Mortgage Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Lender of any security for the Borrower's obligations under this Note shall not constitute an election by the Lender of remedies so as to preclude the exercise of any other right or remedy available to the Lender.

12. *Waivers*. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Borrower and all endorsers and guarantors of this Note and all other third party obligors.

13. *Loan Charges*. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Bond Mortgage Loan is interpreted so that any interest or other charge provided for herein or in any other document evidencing or securing the Bond Mortgage Loan, whether considered separately or together with other charges provided for in any such other document, violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation.

14. *Commercial Purpose*. The Borrower represents that the Indebtedness is being incurred by the Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

15. *Governing Law*. This Note shall be governed by the law of the State of Illinois (the *"Property Jurisdiction"*).

16. *Captions*. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

17. *Address for Payment*. All payments due under this Note shall be payable at The Bank of New York Mellon Trust Company, National Association, Two North LaSalle Street, Chicago, Illinois 60602, Attention: Corporate Trust Department, or such other place as may be designated by written notice to the Borrower from or on behalf of the Lender.

18. *Consent to Jurisdiction and Venue*. The Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction in which the Project is located. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

19. *Waiver of Trial by Jury*. THE BORROWER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS THE LENDER AND THE BORROWER THAT IS TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THE BORROWER GIVES THIS WAIVER OF RIGHT TO TRIAL BY JURY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

20. *Assignment*. The Borrower acknowledges that this Note is being funded by the Issuer and made payable to the Trustee for the Bonds, and any rights of the Issuer herein have been assigned to the Trustee pursuant to the Indenture.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

WHISPERING OAKS ASSOCIATES, L.P.,
an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3 , LLC, a California limited liability company, its Manager

By: _____
Tim English, Managing Member

_____
Borrower's Employer ID No.

TRUST INDENTURE

between

THE COUNTY OF LAKE, ILLINOIS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Relating to

$26,000,000
The County of Lake, Illinois
Variable Rate Demand Multifamily Housing Revenue Bonds
(Whispering Oaks Apartments Project),
Series 2008

Dated as of November 1, 2008

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS	4
Section 1.01.	Definitions	4
Section 1.02.	Interpretation	20
ARTICLE II	THE BONDS	20
Section 2.01.	The Bonds	20
Section 2.02.	Determination of Interest Rate on the Bonds	22
Section 2.03.	Limited Obligations	27
Section 2.04.	Indenture Constitutes Contract	28
Section 2.05.	Form and Execution	29
Section 2.06.	Authentication	29
Section 2.07.	Mutilated, Lost, Stolen or Destroyed Bonds	29
Section 2.08.	Transfer and Exchange of Bonds; Persons Treated as Owners	29
Section 2.09.	Temporary Bonds	30
Section 2.10.	Delivery of Bonds	31
Section 2.11.	Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee	32
Section 2.11A.	Disbursement Procedures; Bond Mortgage Loan Fund Requisitions	32
Section 2.12.	Book-Entry Only System of Registration	33
Section 2.13.	Mandatory Tender of Bonds on Substitution Date	35
ARTICLE III	REDEMPTION OF BONDS PRIOR TO MATURITY	36
Section 3.01.	Redemption of Bonds Prior to Maturity	36
Section 3.02.	Selection of Bonds for Redemption	39
Section 3.03.	Notice of Redemption	40
Section 3.04.	Cancellation	41
Section 3.05.	Effect of Notice of Redemption	41
Section 3.06.	Purchase of Bonds in Whole in Lieu of Redemption	41
Section 3.07.	Cancellation of Purchased Bonds	42
ARTICLE IV	REVENUES AND FUNDS	42
Section 4.01.	Pledge of Revenues and Assets	42
Section 4.02.	Establishment of Funds	43
Section 4.03.	Application of Revenues	43
Section 4.04.	Application of Bond Fund	45
Section 4.05.	Application of Redemption Fund	45
Section 4.06.	Application of Administration Fund	46
Section 4.07.	Principal Reserve Fund	47

Section 4.08. Investment of Funds 48
Section 4.09. Money Held for Particular Bonds; Funds Held in Trust 49
Section 4.10. Accounting Records 49
Section 4.11. Amounts Remaining in Funds 49
Section 4.12. Rebate Fund; Compliance with Tax Certificate 50
Section 4.13. Cost of Issuance Fund 51
Section 4.14. Reports from the Trustee 51
Section 4.15. Payments under Bond Mortgage Loan 52
Section 4.16. Drawings under Credit Facility 52
Section 4.17. Notices under Credit Enhancement Agreement 53

ARTICLE V GENERAL COVENANTS AND REPRESENTATIONS 53

Section 5.01. Payment of Principal and Interest 53
Section 5.02. Performance of Covenants 53
Section 5.03. Instruments of Further Assurance 53
Section 5.04. Inspection of Project Books 54
Section 5.05. No Modification of Security; Additional Indebtedness 54
Section 5.06. Damage, Destruction or Condemnation 55
Section 5.07. Tax Covenant 55
Section 5.08. Representations of the Issuer 56

ARTICLE VI DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS 57

Section 6.01. Events of Default 57
Section 6.02. Acceleration; Other Remedies upon Event of Default 57
Section 6.03. Rights of Bondholders 60
Section 6.04. Waiver by Issuer 60
Section 6.05. Application of Moneys after Default 60
Section 6.06. Rights of the Credit Facility Provider 62
Section 6.07. Remedies Vested in Trustee 62
Section 6.08. Remedies of Bondholders 62
Section 6.09. Termination of Proceedings 63
Section 6.10. Waivers of Events of Default 63
Section 6.11. Notice to Bondholders If Default Occurs 63

ARTICLE VII CONCERNING THE TRUSTEE 64

Section 7.01. Standard of Care 64
Section 7.02. Reliance Upon Documents 65
Section 7.03. Use of Proceeds 68
Section 7.04. Trustee May Hold Bonds 68
Section 7.05. Trust Imposed 68
Section 7.06. Compensation of Trustee 68
Section 7.07. Qualifications of Trustee 69
Section 7.08. Merger of Trustee 69
Section 7.09. Resignation by the Trustee 70

Section 7.10. Removal of the Trustee 70
Section 7.11. Appointment of Successor Trustee 70
Section 7.12. Concerning Any Successor Trustee 71
Section 7.13. Successor Trustee as Trustee, Paying Agent and Bond Registrar 71
Section 7.14. Appointment of Co-Trustee or Separate Trustee 71
Section 7.15. Notice of Certain Events 73
Section 7.16. Record of Freddie Mac Credit Enhancement Payments and Freddie Mac Reimbursement Amounts 73
Section 7.17. Filing of Financing Statements 74

ARTICLE VIII SUPPLEMENTAL INDENTURES AND AMENDMENTS OF CERTAIN DOCUMENTS 74

Section 8.01. Supplemental Indentures Not Requiring Consent of Bondholders 74
Section 8.02. Supplemental Indentures Requiring Consent of Bondholders 75
Section 8.03. Amendments to Financing Agreement Not Requiring Consent of Bondholders 77
Section 8.04. Amendments to Financing Agreement Requiring Consent of Bondholders 77
Section 8.05. Amendments to the Credit Facility 78
Section 8.06. Opinion of Bond Counsel Required 78

ARTICLE IX SATISFACTION AND DISCHARGE OF INDENTURE 79

Section 9.01. Discharge of Lien 79
Section 9.02. Discharge of Liability on Bonds 80
Section 9.03. Payment of Bonds After Discharge of Indenture 80
Section 9.04. Deposit of Money or Securities with Trustee 81

ARTICLE X REMARKETING AND PURCHASE OF BONDS 81

Section 10.01. Demand for and Mandatory Purchase of Bonds 81
Section 10.02. Mandatory Tender of Bonds 83
Section 10.03. Remarketing of Bonds 83
Section 10.04. Purchase of Bonds Not Remarketed 85
Section 10.05. Remarketing Agent 85
Section 10.06. Qualifications and Resignation or Removal of Remarketing Agent 86
Section 10.07. Tender Agent 87
Section 10.08. Qualifications of Tender Agent 88
Section 10.09. Dealing in Bonds 89
Section 10.10. Purchased Bonds 89

ARTICLE XI MISCELLANEOUS 90

Section 11.01. Consents and Other Instruments of Bondholders 90

Section 11.02. Servicing the Bond Mortgage Loan 91
Section 11.03. Limitation of Rights 91
Section 11.04. Construction of Conflicts; Severability 91
Section 11.05. Notices 92
Section 11.06. Credit Facility Provider 94
Section 11.07. Trustee as Paying Agent and Bond Registrar 95
Section 11.08. Payments Due on Non-Business Days 95
Section 11.09. Counterparts 95
Section 11.10. Laws Governing Indenture and Administration of Trust 95
Section 11.11. No Personal Liability; No Recourse 95
Section 11.12. Successors and Assigns 97

EXHIBIT A — FORM OF BOND
EXHIBIT B — FORM OF TENDER NOTICE
EXHIBIT C — FORM OF PURCHASER'S LETTER
EXHIBIT D — COST OF ISSUANCE REQUISITION
EXHIBIT E — FORM OF REQUISITION (BOND MORTGAGE LOAN FUND)

TRUST INDENTURE

THIS TRUST INDENTURE (this *"Indenture"*), dated as of November 1, 2008, by and between The County of Lake, Illinois, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois (the *"Issuer"*), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, duly qualified to accept and administer the trusts created hereby, as trustee (the *"Trustee"*).

WITNESSETH:

WHEREAS, pursuant to the provisions of the Constitution and the laws of the State of Illinois (the *"State"*) and particularly 50 *Illinois Compiled Statutes 2006,* 445/1 *et seq.,* as supplemented and amended (the *"Act"*), and this Indenture, the Issuer has determined to issue its Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008 (the *"Bonds"*) in the aggregate principal amount of $26,000,000 to provide for the financing of a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily rental housing development located at various addresses from 2401 to 2443 West Dugdale Road, in Waukegan, Lake County, Illinois, known as Whispering Oaks Apartments (the *"Project"*); and

WHEREAS, pursuant to a Financing Agreement dated as of November 1, 2008 (the *"Financing Agreement"*), by and among the Issuer, Whispering Oaks Associates, L.P., a limited partnership duly organized and existing under the laws of the State of Illinois (the *"Borrower"*), and the Trustee, the Issuer has agreed to use the proceeds of the sale of Bonds to finance a mortgage loan in the principal amount of $26,000,000 (the *"Bond Mortgage Loan"*) from the Issuer to the Borrower in connection with the Project; and

WHEREAS, the Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Borrower's repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated as of November 1, 2008 (together with all riders and addenda thereto, the *"Bond Mortgage Note"*) delivered to the Trustee under this Indenture; and

WHEREAS, the Borrower will cause to be delivered to the Trustee on the date of the initial issuance of the Bonds (the *"Delivery Date"*) a direct pay Credit Enhancement Agreement dated as of November 1, 2008 (the *"Credit Enhancement Agreement"*), by and between the Federal Home Loan Mortgage Corporation (*"Freddie Mac"*) and the Trustee, which will provide for (i) draws in an amount equal to Guaranteed Payments (as hereinafter defined) with respect to the Bond Mortgage Loan, and (ii) the payment of the Purchase Price (as hereinafter defined) of the Bonds during any period the Bonds bear interest at the Variable Rate (as hereinafter defined), to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase while the Bonds bear interest at a Variable Rate; and

WHEREAS, Prudential Affordable Mortgage Corporation (the *"Servicer"*) will act as initial servicer for the Bond Mortgage Loan; and

WHEREAS, the Borrower's reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement will be evidenced by a Reimbursement and Security Agreement dated as of November 1, 2008 (the *"Reimbursement Agreement"*), by and between the Borrower and Freddie Mac; and

WHEREAS, to secure the Borrower's obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Trustee a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the *"Bond Mortgage"*), with respect to the Project; and

WHEREAS, to secure the Borrower's reimbursement obligations under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac on the Delivery Date a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the *"Reimbursement Mortgage"*), with respect to the Project; and

WHEREAS, the Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of November 1, 2008 (the *"Intercreditor Agreement"*), in connection with Freddie Mac's provision of said credit enhancement; and

WHEREAS, all things necessary to make the Bonds, when executed by the Issuer and authenticated by the Trustee and issued in accordance with this Indenture, valid, binding and legal special, limited obligations of the Issuer and to constitute this Indenture a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, on, and interest on, the Bonds, have been duly taken, and the creation, execution and delivery of this Indenture and the execution and delivery of the Bonds, subject to the terms of this Indenture, have been duly authorized by the Issuer; and

WHEREAS, the Trustee has trust powers and the power and authority to enter into this Indenture, to accept trusts generally and to accept and execute the trust created by this Indenture; the Trustee has accepted the trust so created and, to evidence such acceptance, has joined in the execution of this Indenture.

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, the payment to Freddie Mac of the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee (as such terms are hereinafter defined) in accordance with the provisions hereof and of the Credit Enhancement Agreement and the Reimbursement Agreement, or the payment of amounts due and owing to any other Credit Facility Provider following termination of the Credit Enhancement Agreement, and

the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Trustee, and its successors in trust and its and their assigns in and to the following (said property being herein referred to as the *"Trust Estate"*), to wit:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in and to all Revenues;

GRANTING CLAUSE SECOND

All right, title and interest of the Issuer in and to the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage and the Credit Facility (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, whether payable under the above-referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents;

GRANTING CLAUSE THIRD

Except for funds, money or securities in the Cost of Issuance Fund, the Bond Purchase Fund, the Principal Reserve Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD, all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the other Bonds, except as set forth in this Indenture, and for the benefit, security and protection of the Credit Facility Provider to the extent of its interests hereunder and under the Credit Facility, the Reimbursement Agreement and the Intercreditor Agreement;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall pay or cause to be paid to the Owners of the Bonds the principal, interest and premium, if any, to become due

thereon on the dates and in the manner provided in Article IX hereof, and shall discharge or cause to be discharged any and all obligations to the Credit Facility Provider hereunder and under the Credit Facility and the Reimbursement Agreement, and if the Issuer shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, terminate and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09, 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except for the Rebate Fund and cash held by the Tender Agent for the payment of the Purchase Price of Bonds tendered pursuant to the terms of this Indenture or held by the Trustee for the payment of interest on and principal of the Bonds or for payment of amounts payable to the Credit Facility Provider; otherwise this Indenture to be and remain in full force and effect and upon the trusts and subject to the covenants and conditions hereinafter set forth.

AND IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto, that the terms and provisions upon which the Bonds are to be issued, executed, authenticated, delivered and secured, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trusts and conditions the said Trustee hereby accepts and agrees to discharge, are as follows (except that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Issuer, the State or any political subdivision of the State, but shall be special, limited obligations of the Issuer, payable solely from the revenues and funds pledged for its payment in accordance with this Indenture):

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The terms used in this Indenture (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified below:

"Act" means 50 *Illinois Compiled Statutes 2006,* 445/1 *et seq.,* as supplemented and amended.

"Administration Fund" means the Administration Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Alternate Credit Facility" means a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage-backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Freddie Mac) which provides security for the payment of (a)(i) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds when due), or

(ii) the Bond Mortgage Loan in an amount not less than the Guaranteed Payment, and (b) the Purchase Price of the Bonds, which Alternate Credit Facility is provided in accordance with Section 5.4 of the Financing Agreement and this Indenture.

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

"Authorized Denomination" means, (a) with respect to Bonds during any Variable Period, $100,000 in principal amount or any integral multiple of $5,000 greater than $100,000, and (b) with respect to Bonds during any Reset Period or the Fixed Rate Period, $5,000 in principal amount or any integral multiple thereof.

"Authorized Officer" means (a) when used with respect to the Issuer, the County Board Chairman or the County Clerk of the Issuer and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf, (b) when used with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Trustee, any authorized signatory of the Trustee or any Person who is authorized in writing to take the action in question on behalf of the Trustee, (d) when used with respect to the Servicer, any Vice President or any Assistant Vice President of the Servicer and such additional Person or Persons, if any, duly designated by the Servicer in writing to act on its behalf, (e) when used with respect to the Remarketing Agent, any Principal, Vice President or Assistant Vice President of the Remarketing Agent and such additional Person or Persons, if any, duly designated by the Remarketing Agent in writing to act on its behalf, (f) when used with respect to the Tender Agent, any authorized signatory of the Tender Agent and such additional Person or Persons, if any, duly designated by the Tender Agent in writing to act on its behalf, and (g) when used with respect to the Credit Facility Provider, any Person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

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

"Bond Counsel" means any firm of attorneys selected by the Issuer experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer's Municipal Marketplace, and is acceptable to the Credit Facility Provider.

"Bond Fee Component" means the regular, ongoing fees from time to time to the Issuer, the Trustee, the Remarketing Agent, the Tender Agent, the Custodian, the Counterparty, if any, and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the principal amount of Outstanding Bonds (including Purchased Bonds) on an annual basis.

"Bond Financing Documents" means, collectively, this Indenture, the Bonds, the Financing Agreement, the Remarketing Agreement, the Tax Certificate and the Bond Mortgage Loan Documents.

"Bond Fund" means the Bond Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Bondholder" or *"Holder"* or *"Owner"* means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bond Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the Trustee to secure the repayment of the Bond Mortgage Loan, as the same may be amended, supplemented or restated.

"Bond Mortgage Loan" means the loan financed by the Issuer from the Trustee to the Borrower in the original principal amount of $26,000,000 pursuant to the Bond Mortgage Loan Documents.

"Bond Mortgage Loan Documents" means the Bond Mortgage, the Bond Mortgage Note, the Financing Agreement, the Tax Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Rehabilitation Escrow Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower's obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

"Bond Mortgage Loan Fund" means the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 of this Indenture.

"Bond Mortgage Note" means the Bond Mortgage Note dated as of November 1, 2008, from the Borrower to the Trustee, including all riders and addenda thereto, evidencing the Borrower's obligation to repay the Bond Mortgage Loan, as the same may be amended, supplemented or restated from time to time which Bond Mortgage Note will be delivered to the Issuer and endorsed by the Issuer to the Trustee.

"Bond Purchase Fund" means the Bond Purchase Fund established by the Tender Agent pursuant to Section 10.03 of this Indenture.

"Bond Register" means the books or other records maintained by the Bond Registrar setting forth the registered Holders from time to time of the Bonds.

"Bond Registrar" means the Trustee acting as such, and any other bond registrar appointed pursuant to this Indenture.

"Bond Resolution" means the resolution adopted by the County Board of the Issuer, authorizing the issuance of the Bonds.

"Bonds" means the $26,000,000 aggregate principal amount of Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008, issued pursuant to the provisions of this Indenture.

"Bond Year" means the period of twelve consecutive months ending on November 1 in any year in which Bonds are Outstanding; *provided,* that the first Bond Year shall commence on the Delivery Date and end on November 1, 2009.

"Borrower" means Whispering Oaks Associates, L.P., a limited partnership duly organized and existing under the laws of the State, or any of its permitted successors or assigns, as owner of the Project.

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Credit Facility Provider is closed, or (e) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee, the Tender Agent, the Remarketing Agent or the Principal Office of the Credit Facility Provider is located are authorized or obligated by law or executive order to be closed, or (ii) the New York Stock Exchange is closed.

"Certificate of the Issuer," "Statement of the Issuer," "Request of the Issuer" and *"Requisition of the Issuer"* mean, respectively, a written certificate, statement, request or requisition signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Commitment" means the commitment from Freddie Mac to the Servicer pursuant to which Freddie Mac has agreed to provide credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds, as the same may be amended, modified or supplemented from time to time.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Costs of Issuance" means (i) the fees (excluding ongoing fees), costs and expenses of (a) the Issuer, the Issuer's counsel and the Issuer's financial advisor, including without limitation the Issuer Fee, (b) 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, (c) Bond Counsel, (d) the Trustee and the Trustee's counsel, (e) the Servicer and the Servicer's counsel, if any, (f) the Credit Facility Provider and the Credit Facility

Provider's counsel, (g) the Borrower's counsel and the Borrower's financial advisor, if any, and (h) the Rating Agency, (ii) costs of printing the offering documents relating to the sale of the Bonds, and (iii) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

"Costs of Issuance Deposit" means the deposit to be made by the Owner with the Trustee on the Delivery Date, which deposit shall equal $_____ comprised of sources other than the proceeds of the Bonds.

"Counterparty" has the meaning given that term in the Reimbursement Agreement.

"Credit Enhancement Agreement" means the Credit Enhancement Agreement dated as of November 1, 2008, by and between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

"Credit Facility" means the Credit Enhancement Agreement or any Alternate Credit Facility at that time in effect.

"Credit Facility Provider" means, so long as the Credit Enhancement Agreement is in effect, Freddie Mac, or so long as any Alternate Credit Facility is in effect, the Credit Facility Provider then obligated under the Alternate Credit Facility.

"Custodial Escrow Account" means, collectively, the account or accounts established and held by the Servicer, in accordance with the Guide or otherwise, for the purpose of funding (a) escrows for taxes, insurance and related payments and costs, if required by Freddie Mac, (b) a reserve for replacements for the Project, if required by Freddie Mac, and (c) a debt service reserve for the Bond Mortgage Loan, if required by Freddie Mac.

"Custodial Escrow Agreement" means any agreement (which agreement may be the Guide or the Commitment as applicable) pursuant to which a Custodial Escrow Account is established and maintained.

"Custodian" means Trustee not in its individual capacity, but solely in its capacity as collateral agent for the Credit Facility Provider, and any successor in such capacity.

"Dated Date" means November __, 2008.

"Delivery Date" means November ___, 2008, the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

"DTC" means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to Section 2.12 hereof or its successors.

"Eligible Funds" means (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or

guarantor of the Borrower or the Issuer), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds, (d) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (e) money delivered to the Trustee and accompanied by a written opinion acceptable to the Rating Agency (unless such opinion is waived in writing by the Rating Agency by notice delivered to the Trustee and the Credit Facility Provider) of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (i) payment of such money to the Owners of the Bonds would not constitute an avoidable preference under Section 547 of the Bankruptcy Code, and (ii) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

"Event of Default" or *"event of default"* means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

"Extraordinary Services" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee in respect of or to prevent default under this Indenture and the Bond Mortgage Loan Documents, including any attorneys' fees and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in this Indenture.

"Extraordinary Servicing Fees and Expenses" means all fees and expenses of the Servicer during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

"Extraordinary Trustee's Fees and Expenses" means all those fees, expenses and disbursements earned or incurred by the Trustee as described under Section 7.06 hereof during any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"Financing Agreement" means the Financing Agreement dated as of November 1, 2008, among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

"Fixed Rate" means the interest rate borne by the Bonds from and after the Fixed Rate Adjustment Date to the maturity date of the Bonds, determined in accordance with Section 2.02(d) of this Indenture.

"Fixed Rate Adjustment" means the establishment of the interest rate on the Bonds at the Fixed Rate, pursuant to Section 2.02(d) of this Indenture.

"Fixed Rate Adjustment Date" means the date on which the Fixed Rate for the Bonds becomes effective.

"Fixed Rate Period" means the period during which the Bonds bear interest at the Fixed Rate.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise duly organized and validly existing under the laws of the United States of America, and its successors and assigns.

"Freddie Mac Credit Enhancement Fee" shall have the meaning given to that term in the Reimbursement Agreement.

"Freddie Mac Credit Enhancement Payment" shall have the meaning given to that term in the Credit Enhancement Agreement.

"Freddie Mac Reimbursement Amount" shall have the meaning given to that term in the Reimbursement Agreement.

"Government Obligations" means investments meeting the requirements of clauses (a) or clause (b) of the definition of "Qualified Investments" in this Indenture.

"Guaranteed Payment" means the amount required to be paid to the Trustee pursuant to the Credit Facility; *provided,* that so long as the Credit Enhancement Agreement is the Credit Facility, "Guaranteed Payment" shall have the meaning given to that term in the Credit Enhancement Agreement.

"Guide" means the Freddie Mac Multifamily Seller/Servicer Guide, as the same may be amended, modified or supplemented from time to time.

"Hedge Agreement" means any interest rate cap agreement, swap agreement or similar instrument required to be maintained for the benefit of the Credit Facility Provider under the terms of the Reimbursement Agreement.

"Hedge Fee Escrow" has the meaning given that term in the Reimbursement Agreement.

"Indenture" means this Trust Indenture, as the same may have been from time to time amended or modified, together with any other indentures supplemental to this Indenture.

"Index Rate" means a rate equal to the index of the weekly index rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors, which meet specific criteria established by The Securities Industry and Financial Markets Association, such index currently known as The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or any successor to such index.

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee, which are then providing information with respect to called Bonds, or, if the Trustee does not select a service, then such service or services as the Issuer may designate in a certificate of the Issuer delivered to the Trustee.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of November 1, 2008, by and among the Issuer, the Trustee and Freddie Mac, as the same may be amended or supplemented.

"Interest Payment Date" means _____, 2008, and thereafter (i) for interest accrued during any Variable Period, the first Business Day of each month, (ii) for interest accrued during any Reset Period, May 1 and November 1 of each year, commencing on the May 1 or November 1 next following the applicable Reset Adjustment Date, (iii) for interest accrued on and after the Fixed Rate Adjustment Date, May 1 and November 1 of each year, commencing on the May 1 or November 1 next following the Fixed Rate Adjustment Date, (iv) each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date, Substitution Date and the maturity date of the Bonds, and (v) for Bonds subject to redemption but only with respect to such Bonds, the date of redemption (or purchase in lieu of redemption).

"Interest Requirement" means (a) during the Variable Period, 35 days' interest computed at the Maximum Rate, and (b) during a Reset Period or the Fixed Rate Period, 189 days' interest computed at the Reset Rate or Fixed Rate, as applicable, or in the case of either (a) or (b), such lesser number of days as is acceptable to the Rating Agency (as confirmed in writing by the Rating Agency).

"Issuer" means The County of Lake, Illinois, a political subdivision duly organized and validly existing under the Constitution and the laws of the State, together with its successors and assigns.

"Issuer Fee" means the Issuer's one-time issuance fee of $260,000 and all other fees, costs and expenses of the Issuer, including attorneys' fees, payable by the Borrower under the Financing Agreement.

"Liquidity Advance" means an advance by the Credit Facility Provider pursuant to the terms of the Credit Facility to pay the Purchase Price of any Bonds tendered optionally by

Bondholders pursuant to Section 10.01 of this Indenture which have not been remarketed by the Remarketing Agent pursuant to the Remarketing Agreement and this Indenture and, therefore, with respect to which there are no proceeds of remarketing.

"Market Risk Event" means (a)(i) legislation enacted by the United States Congress, (ii) a final non-appealable decision rendered by a court established under Article III of the Constitution of the United States of America, or the United States Tax Court, or (iii) an order, ruling or regulation issued by the United States Department of the Treasury or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing interest received by any Bondholder [other than a Bondholder who is a "substantial user" of the Project or a "related person" of a substantial user (each within the meaning of Section 147(a) of the Code)] to be included in the gross income of such Bondholder for purposes of federal income taxation; or (b) legislation enacted or any action taken by the Securities and Exchange Commission, which, in the opinion of counsel to the Remarketing Agent, has the effect of requiring the remarketing of the Bonds to be registered under the Securities Act of 1933, as amended (the *"Securities Act"*), or any other "security," as defined in the Securities Act, issued in connection with or as part of the remarketing of the Bonds to be so registered or this Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended; or (c) any event shall have occurred or shall exist which, in the reasonable judgment of the Remarketing Agent, makes or has made untrue or incorrect in any material respect any statement or information contained in a reoffering circular or other disclosure document distributed in connection with the Fixed Rate Adjustment or Reset Adjustment Date, or is not or was not reflected in such reoffering circular or other disclosure document, but should be or should have been reflected therein in order to make the statements or information contained therein not misleading in any material respect; or (d) in the reasonable judgment of the Remarketing Agent, any event which makes it impractical or inadvisable for the Remarketing Agent to remarket or enforce agreements to remarket Bonds because trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or a general banking moratorium shall have been established by federal, New York or State authorities.

"Maturity Date" means the maturity date of the Bonds set forth in Section 2.01(c) of this Indenture.

"Maximum Rate" means 12% per annum; *provided,* that, without amendment to any Bond Financing Document pursuant to Article VIII of this Indenture, the Maximum Rate may be increased to a specified higher Maximum Rate if there shall have been delivered to the Trustee and the Remarketing Agent (a) an Opinion of Bond Counsel to the effect that such higher Maximum Rate is permitted under applicable law, and does not, in and of itself, cause the interest on the Bonds to be included in the gross incomes of the Bondholders for federal income tax purposes and (b) either (i) the written consent of the Credit Facility Provider to the specified higher Maximum Rate and evidence that the Credit Facility will cover the Interest Requirement at such higher Maximum Rate, or (ii) a new or amended Credit Facility in an amount equal to the sum of (a) the principal amount of the Outstanding Bonds, and (b) the new Interest Requirement calculated using the new higher Maximum Rate; *provided,* that the Maximum Rate shall never exceed the maximum rate permitted by applicable law to be paid on the Bonds or to be charged on the Bond Mortgage Loan.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Net Proceeds" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such proceeds, including reasonable attorney fees.

"Official Statement" means the Official Statement dated _____, 2008, relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

"Optional Tender Date" has the meaning set forth in Section 10.01 of this Indenture.

"Ordinary Servicing Fees and Expenses" means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan, payable monthly in arrears as provided in the Reimbursement Agreement.

"Ordinary Trustee's Fees and Expenses" means the annual administration fee for the Trustee's ordinary fees and expenses in rendering its services under this Indenture as Trustee during each twelve month period, which fee is equal to (and shall not exceed) $_____ and shall be payable annually in advance on the Delivery Date and each November 1 thereafter commencing November 1, 2009.

"Outstanding" when used with respect to the Bonds or "Bonds Outstanding" means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under this Indenture, except:

(i) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(ii) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of Section 9.01 hereof; *provided,* that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under Section 2.07 hereof; and

(iv) Bonds deemed to be tendered for purchase hereunder; and also except that

For the purpose of determining whether the Owners of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or

pursuant to this Indenture, Bonds owned by or for the account of the Borrower or any Person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not Outstanding, unless all Bonds shall be so owned, and *provided,* that the Trustee has knowledge of the foregoing; *provided, further,* that all Purchased Bonds shall be deemed to be Outstanding, and the Trustee shall follow any direction provided by the Credit Facility Provider with respect to Purchased Bonds for the purposes hereof (Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish, to the satisfaction of the Trustee, the pledgee's right to vote such Bonds, and in the event of a dispute as to the existence of such right, any decision by the Trustee taken upon the advice of counsel shall constitute full protection to the Trustee). The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Beneficial ownership of 5% or more of a class of securities having general voting power to elect a majority of the board of directors of a corporation shall be conclusive evidence of control of such corporation.

"Paying Agent" means the Trustee acting as such, and any other paying agent appointed pursuant to this Indenture.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"Pledge Agreement" means that certain Pledge, Security and Custody Agreement dated as of November 1, 2008, by and between the Custodian and the Borrower, as originally executed or as modified or amended from time to time, together with any similar agreement executed in connection with an Alternate Credit Facility, as originally executed or as amended or modified from time to time.

"Principal Office of the Credit Facility Provider" means the office of Freddie Mac located at 8100 Jones Branch Drive, McLean, Virginia 22102, or such other office or offices as Freddie Mac may designate from time to time, or the office of any Alternate Credit Facility Provider where it principally conducts its business of serving as credit facility provider under indentures pursuant to which municipal or governmental obligations are issued, or such other office or offices as the Alternate Credit Facility Provider may designate from time to time.

"Principal Office of the Remarketing Agent" means the office of the Remarketing Agent referenced in Section 11.05(a) hereof or such other office or offices as the Remarketing Agent may designate from time to time, or the office of any successor Remarketing Agent where it principally conducts its business of serving as remarketing agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Tender Agent" means the office of the Tender Agent referenced in Section 11.05(a) hereof or such other office or offices as the Tender Agent may designate

from time to time, or the office of any successor Tender Agent where it principally conducts its business of serving as tender agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Trustee" means the office of the Trustee referenced in Section 11.05(a) hereof or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Reserve Fund" means the Principal Reserve Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Principal Reserve Schedule" means the Principal Reserve Schedule calculated in accordance with, and attached as Exhibit A to, the Reimbursement Agreement, as the same may be supplemented and amended from time to time.

"Principal Reserve Schedule Payments" means the payments to be made by the Borrower in accordance with the Principal Reserve Schedule as set forth in the Reimbursement Agreement.

"Project" means the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements, known as Whispering Oaks Apartments located at various addresses from 2401 to 2443 West Dugdale Road, Waukegan, Illinois, including the real estate described in the Bond Mortgage.

"Purchased Bond" means any Bond during the period from and including the date of its purchase by the Trustee on behalf of the Borrower with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is remarketed to any Person, other than the Credit Facility Provider, the Borrower, any general partner, member or guarantor of the Borrower or the Issuer. All Purchased Bonds are to be held in certificated form under and pursuant to the Pledge Agreement.

"Purchase Price," with respect to any Bond required to be purchased pursuant to Sections 2.02, 2.13, 10.01 and 10.02 hereof, means the principal amount of such Bond plus interest accrued thereon to the Settlement Date and with respect to any Bond to be purchased pursuant to Section 3.06 hereof means the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the Settlement Date.

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) short term discount obligations of Fannie Mae; (d) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which is a bank, as defined in the Illinois Banking Act, and which has combined capital, surplus and undivided profits of not less

than $50,000,000; *provided,* that the Trustee or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's/S&P, and which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation; (e) shares or units in any money market mutual fund (including mutual funds of the Trustee or its affiliates) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the United States government, and which fund has been rated "Aaam"/"AAA" by Moody's/S&P; or (f) any other investments permitted by State law approved in writing by the Credit Facility Provider. For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater, but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

"Rating Agency" means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof, which has assigned a rating at the request of or with the consent of the Issuer, the Borrower and/or the Credit Enhancer.

"Rebate Analyst" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under this Indenture and the Financing Agreement.

"Rebate Fund" means the Rebate Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Record Date" means during any Variable Period, the Business Day immediately preceding an Interest Payment Date and during any Reset Period or the Fixed Rate Period, the 15th day of the calendar month preceding the calendar month in which any Interest Payment Date falls.

"Redemption Fund" means the Redemption Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Rehabilitation Costs of the Project" means the costs of the acquisition, rehabilitation and equipping of the Project.

"Rehabilitation Escrow Agreement" means the Rehabilitation Escrow Agreement dated as of the date of this Indenture, by and between the Borrower and Credit Facility Provider, as amended, modified or supplemented.

"Reimbursement Agreement" means the Reimbursement and Security Agreement dated as of November 1, 2008, by and between the Borrower and Freddie Mac, as the same may be

amended, supplemented or restated from time to time, and upon the effectiveness of any Alternate Credit Facility, any similar agreement between the Borrower and the Alternate Credit Facility Provider pursuant to which the Borrower agrees to reimburse the Alternate Credit Facility Provider for payments made under the Alternate Credit Facility, as such agreement may be amended, supplemented or restated.

"Reimbursement Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008, from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, and upon the effectiveness of any Alternate Credit Facility, any similar mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance granting a mortgage and security interest in the Project to the Alternate Credit Facility Provider to secure similar obligations of the Borrower to the Alternate Credit Facility Provider, as the same may be amended, supplemented or restated.

"Reimbursement Security Documents" has the meaning ascribed thereto in the Reimbursement Agreement.

"Remarketing Agent" means the remarketing agent appointed pursuant to Section 10.05 of this Indenture.

"Remarketing Agreement" means the Remarketing Agreement dated as of November 1, 2008, by and among the Remarketing Agent, the Issuer and the Borrower, or any similar agreement among the Remarketing Agent, the Issuer and the Borrower, in each case as originally executed or as it may be amended or supplemented from time to time in accordance with its terms.

"Remarketing Date" means each date on which the Remarketing Agent is required to notify the Trustee, the Tender Agent, the Borrower and the Credit Facility Provider of the Bonds for which it has found purchasers, as set forth in Section 10.03 hereof.

"Reset Adjustment Date" means any date on which the interest rate on the Bonds is adjusted to a Reset Rate or to a different Reset Rate. During a Variable Period, a Reset Adjustment Date may occur only on any Interest Payment Date.

"Reset Period" means each period 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 Section 2.02(c) of this Indenture.

"Responsible Officer" means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created under this Indenture.

"Revenue Fund" means the Revenue Fund established by the Trustee pursuant to Section 4.02 of this Indenture.

"Revenues" means (a) all payments made with respect to the Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Agreement), (b) payments made by the Credit Facility Provider pursuant to the Credit Facility, and (c) all money and securities held by the Trustee in the funds and accounts established pursuant to this Indenture (excluding money or securities in the Cost of Issuance Fund, the Bond Purchase Fund, the Principal Reserve Fund and the Rebate Fund), together with all investment earnings thereon. Principal Reserve Schedule Payments shall not constitute Revenues under this Indenture.

"Schedule of Work" means the Schedule of Work attached as an exhibit to the Rehabilitation Escrow Agreement.

"Securities Depository" means (a) initially, The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 227-4039 or 4190; or (b) any replacement registered securities depository which has been designated in a certificate of the Issuer delivered to the Trustee and the Credit Facility Provider pursuant to Section 2.12.

"Servicer" means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Prudential Affordable Mortgage Company.

"Settlement Date" means any date on which any Bond is purchased or deemed purchased pursuant to Sections 2.02, 2.13, 3.06, 10.01, 10.02 or 10.04 of this Indenture.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"State" means the State of Illinois.

"Substitution Date" means any Business Day established for the mandatory tender and purchase of the Bonds in connection with the delivery to the Trustee of an Alternate Credit Facility pursuant to Section 2.13 of this Indenture.

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

"Tax Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of November 1, 2008, by and among the Issuer, the Trustee and the Borrower, as from time to time supplemented and amended.

"Tender Agent" means the Tender Agent appointed in accordance with Section 10.07 of this Indenture.

"Tender Notice" means a notice of demand for purchase of Bonds given by any Bondholder pursuant to Section 10.01 of this Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, with its designated corporate trust office in the City of Chicago, Illinois, and its successors in trust under this Indenture.

"Trust Estate" shall have the meaning given to that term in the Granting Clauses.

"Unassigned Rights" means those certain rights of the Issuer under the Financing Agreement to release and indemnification, to defenses, and to payment or reimbursement of fees, costs and expenses of the Issuer, its right to exemption from individual and corporate liability, its right to receive notices, reports, opinions and the like and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to collect the Issuer Fee, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), its right to give or withhold consent to sales, dispositions, transfers and assignments and to amendments, changes, modifications and alterations to the Financing Agreement and its right to exercise its remedies in order to enforce the Unassigned Rights, subject to the Intercreditor Agreement.

"Variable Interest Accrual Period" means, during any Variable Period, a period beginning on the date following any Variable Interest Computation Date and ending on the next succeeding Variable Interest Computation Date, except that the first Variable Interest Accrual Period for any Variable Period shall begin on the first day of such Variable Period and end on the next succeeding Variable Interest Computation Date.

"Variable Interest Computation Date" means, with respect to any Variable Interest Accrual Period, each Wednesday during such period, or if any such Wednesday is not a Business Day, the next succeeding Business Day.

"Variable Period" means each period during which the Bonds bear interest at a Variable Rate.

"Variable Rate" means the variable rate of interest borne by the Bonds as determined in accordance with Section 2.02(b) of this Indenture.

"Variable Rate Adjustment Date" means any date upon which the Bonds begin to bear interest at a Variable Rate for the succeeding Variable Period.

"Washington, D.C. Time" means Eastern Daylight Time or Eastern Standard Time as then in effect in Washington, D.C.

Section 1.02. Interpretation. The words "hereof," "herein," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections and other subdivisions of this Indenture as originally executed. The headings of this Indenture are for convenience only and shall not define or limit the provisions of this Indenture.

ARTICLE II

THE BONDS

Section 2.01. The Bonds. (a) The Bonds are authorized to be issued hereunder as revenue bonds of the Issuer in accordance with the Bond Resolution. The Bonds shall initially be designated "Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008." The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. The Bonds shall be dated the Delivery Date, and shall also be dated the date they are authenticated by the Trustee.

(b) Interest on the Bonds during any Variable Period shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Interest on the Bonds during any Reset Period or Fixed Rate Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date, in each case from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bond, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Delivery Date, until payment of the principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Interest Payment Date, such Bond shall bear interest from such Interest Payment Date; *provided, however,* that if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bonds shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Delivery Date.

(c) The Bonds shall be issued in Authorized Denominations and shall bear interest payable on each Interest Payment Date at the rate per annum determined as provided in Section 2.02 of this Indenture. The Bonds shall mature, subject to redemption prior to maturity as provided in Article III hereof, on November 1, 2045.

(d) The Person in whose name any Bond is registered on the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; *provided, however,* that if and to the extent the Issuer shall default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid as provided in the next paragraph.

(e) Any interest on any Bond that is due and payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called *"Defaulted Interest"*) shall forthwith cease to be payable to the person in whose name such Bond is registered on the relevant Record Date, and shall be paid in the manner set forth in this paragraph. The Trustee may elect to make payment of any Defaulted Interest to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest (a *"Special Record Date"*), which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (a *"Special Interest Payment Date"*), shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the Special Interest Payment Date, and shall cause notice of the proposed payment of such Defaulted Interest on the Special Interest Payment Date and the Special Record Date therefor to be mailed, first class, postage prepaid, to each Bondholder at such Bondholder's address as it appears in the Bond Register not less than 10 days prior to such Special Record Date; notice of the proposed payment of such Defaulted Interest on the Special Interest Payment Date and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

(f) Payment of the principal of the Bonds and premium, if any, shall be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee. Interest on the Bonds shall be paid by check mailed to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register on the Record Date. Upon written request of a registered Owner of at least $1,000,000 in principal amount of Bonds Outstanding received by the Trustee at least five (5) days prior to a Record Date, all payments of principal, premium, if any, and interest on the Bonds, less any reasonable wire transfer fees imposed by the Trustee, shall be paid by wire transfer in immediately available funds to an account within the continental United States designated by such registered Owner. Payment of the Purchase Price of any Bonds tendered for purchase on a Settlement Date shall be payable in lawful money of the United States of America only upon presentation thereof at the Principal Office of the Tender Agent.

(g) Before the date fixed for redemption, money shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such money to the payment of, the Bonds or portions thereof called for redemption, together with accrued interest thereon to the date fixed for redemption. CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, redemption price, premium, if any, and interest, whether by check or by wire transfer.

(h) No Bonds may be issued under the provisions of this Indenture, except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, or in substitution for other Bonds pursuant to Section 2.07 hereof, is expressly limited to $26,000,000.

Section 2.02. *Determination of Interest Rate on the Bonds.* (a) *Initial Rate.* The Bonds shall initially bear interest at a Variable Rate as described in subsection (b) of this Section, until the first Reset Adjustment Date or Fixed Rate Adjustment Date, if any, and thereafter shall bear interest at the applicable rate set forth in this Section.

(b) *Variable Rate.* The Bonds shall bear interest from and including the Delivery Date to and including the immediately succeeding Variable Interest Computation Date at a Variable Rate agreed to by the Remarketing Agent and the Issuer, and thereafter shall bear interest at a Variable Rate for each Variable Interest Accrual Period as determined by the Remarketing Agent on each Variable Interest Computation Date until adjusted to a Reset Rate or Fixed Rate as provided in this Indenture.

The Variable Rate for each Variable Interest Accrual Period determined by the Remarketing Agent on each Variable Interest Computation Date shall be that rate of interest which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on such Variable Interest Adjustment Date to be equal to 100% of the principal amount thereof (disregarding accrued interest) if the Bonds were sold on such Variable Interest Computation Date; *provided, however,* that in no event shall the Variable Rate at any time exceed the Maximum Rate. If for any reason the Remarketing Agent shall fail to determine the rate of interest or if the rate of interest determined by the Remarketing Agent is held to be invalid or unenforceable for any Variable Interest Accrual Period, then the Variable Rate for such Variable Interest Accrual Period shall be the Index Rate in effect on the applicable Variable Interest Computation Date.

For each Variable Interest Accrual Period, the Variable Rate determined by the Remarketing Agent shall be communicated by electronic mail to the Trustee, the Tender Agent, the Borrower, the Servicer and the Credit Facility Provider, as provided in Section 10.05 hereof, on the Variable Interest Computation Date. The determination of the Variable Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Owners of the Bonds, the Issuer, the Borrower, the Credit Facility Provider, the Servicer, the Remarketing Agent, the Tender Agent and the Trustee, and each shall be protected in relying on it.

Following any Reset Adjustment Date, the interest rate on the Bonds may be converted again to a Variable Rate at the election or deemed election of the Borrower in accordance with the procedures in Section 2.02(c) hereof, which date of adjustment to a Variable Rate shall be the Variable Rate Adjustment Date. The Trustee shall give notice to the Bondholders, by first class mail not less than nine (9) days before the Variable Rate Adjustment Date specifying: (i) the Variable Rate Adjustment Date, and that the interest rate on the Bonds will be established at the Variable Rate on the Variable Rate Adjustment Date; and (ii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Variable Rate Adjustment Date.

(c) *Reset Rate*. At the written request of the Borrower with the prior written consent of the Credit Facility Provider or at the written request of the Credit Facility Provider on behalf of the Borrower if the Borrower has not provided the Credit Facility Provider proof satisfactory to it of the extension or substitution of a Hedge Agreement satisfying the requirements of the Reimbursement Agreement not later than sixty (60) days prior to the expiration of any Hedge Agreement, the rate of interest on the Bonds may be established at a Reset Rate on any Interest Payment Date during a Variable Period or on any Reset Adjustment Date, in accordance with the procedures set forth in this subsection (c). In order to effect establishment of a Reset Rate, the Borrower must deliver such written request (and consent of the Credit Facility Provider), or, if applicable, the Credit Facility Provider on behalf of the Borrower must deliver such written request, to the Trustee, the Issuer, the Credit Facility Provider, the Servicer, the Tender Agent and the Remarketing Agent specifying (i) the Reset Adjustment Date, which shall be not less than forty (40) days after notice is received by the parties, (ii) any sinking fund redemption amounts for each Interest Payment Date, as provided in Section 3.01(c) hereof, at a price equal to the principal amount of Bonds subject to redemption plus interest accrued thereon to the date fixed for redemption, without premium, pursuant to Section 3.01(b)(v) hereof and any applicable optional redemption provisions pursuant to Section 3.01(a) hereof, (iii) the proposed duration of the Reset Period, which shall be at least five (5) years (ten (10) years so long as the Credit Enhancement Agreement is the Credit Facility) or such shorter period as may be consented to in writing by the Credit Facility Provider, and shall terminate not later than the Business Day before the last Interest Payment Date preceding the (a) "Termination Date" (as defined in the Credit Enhancement Agreement) if the Credit Enhancement Agreement is the Credit Facility to be effective with respect to the Bonds during such Reset Period, and (b) the expiration of the Credit Facility if the Credit Enhancement Agreement is not the Credit Facility to be effective with respect to the Bonds during such Reset Period, and (iv) the date on which the Reset Rate will be determined by the Remarketing Agent, which date shall be not later than the Business Day immediately prior to the Reset Adjustment Date.

Except as noted in the paragraph immediately below, the Trustee shall give notice to the Owners of the Bonds of the Reset Adjustment Date by first class mail not less than nine (9) days before the Reset Adjustment Date, *provided* that not less than five (5) Business Days prior to the Trustee giving such notice the Borrower shall have delivered or caused to be delivered to the Trustee (1) an opinion of Bond Counsel to the effect that the establishment of the Reset Rate for the Reset Period in accordance with the procedure described in this subsection (c) is permitted by this Indenture and the Act, and does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, (2) if Bonds are to be held publicly

after the Reset Adjustment Date, either an irrevocable commitment (which commitment may be subject to customary commercial conditions) of an Alternate Credit Facility Provider to issue an Alternate Credit Facility to be in effect upon and after the Reset Adjustment Date, together with accompanying documentation required by Section 5.4 of the Financing Agreement or the irrevocable written commitment of the Credit Facility Provider for an amendment to the Credit Facility to fulfill the Interest Requirement and, if applicable, to extend the termination date of the Credit Facility, (3) the form of notice to be given by the Trustee to the Bondholders with respect to the establishment of a Reset Rate(which form shall include (i) the Reset Adjustment Date, (ii) that the interest rate on the Bonds will be established at the Reset Rate on the Reset Adjustment Date; (iii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Reset Adjustment Date; and (iv) that the Reset Rate Adjustment Date (but not the mandatory tender of Bonds on the proposed Reset Rate Adjustment Date) is subject to cancellation upon receipt by the Trustee of notice from the Remarketing Agent that a Market Risk Event has occurred), (4) payment to the Trustee and the Issuer of such amounts as the Trustee and the Issuer reasonably determine may be required in connection with the establishment of the Reset Rate, including, but not limited to, its own reasonable fees and expenses (including those of its counsel) and the cost of printing new Bonds, (5) the proposed form of disclosure document, if any, to be distributed in connection with the remarketing of the Bonds on the Reset Adjustment Date and an undertaking of the Borrower which satisfies any applicable requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, and (6) if Bonds are to be held publicly after the Reset Adjustment Date and an Alternate Credit Facility is being delivered on such date, written evidence from the Rating Agency to the effect that the Bonds will be rated at least "Aa"/"P-1" by Moody's or "AA"/"A-1" by S&P, without regard to pluses or minuses (or such lower ratings as shall be approved by the Issuer) on such Reset Adjustment Date.

If (i) the Credit Facility to be in effect upon and after a Reset Adjustment Date, or (ii) an irrevocable commitment described in clause (2) of the preceding paragraph is not delivered to the Trustee in escrow at least fifteen (15) days before the applicable Reset Adjustment Date, or if on any Business Day at least ten (10) days before the applicable Reset Adjustment Date, the Trustee receives notice from the Borrower or the Credit Facility Provider that it no longer wishes to proceed with the adjustment to a Reset Rate or from the Remarketing Agent that a Market Risk Event has occurred, the Trustee shall not give the notice specified in the above paragraph to the Owners of the Bonds. In the event that the Trustee receives notice from the Remarketing Agent that a Market Risk Event has occurred after giving the notice specified in the above paragraph to the Owners of the Bonds, the Trustee shall notify the Owners of the Bonds that the Reset Adjustment Date, but not the mandatory tender of Bonds on the proposed Reset Adjustment Date, has been cancelled. In such event, the Bonds shall (1) continue to bear interest at a Variable Rate if the Bonds then bear interest at a Variable Rate, or (2) if the Bonds then bear interest at a Reset Rate, on the day following the Reset Period, the Bonds shall be redeemed or purchased in lieu thereof pursuant to Section 3.01(b)(vi) or Section 3.06 hereof, as applicable.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this subsection (c) on a Reset Adjustment Date (including a canceled Reset Adjustment Date) shall be deemed to have been tendered for purchase on such Reset Adjustment Date pursuant to Section 10.01 hereof for all purposes of this Indenture, including particularly

Article X hereof; *provided, however,* payment on such Bonds shall only be made upon presentation thereof.

From and after each Reset Adjustment Date until the last day of the related Reset Period, the Bonds shall bear interest at the applicable Reset Rate. The Reset Rate shall be that rate of interest, determined by the Remarketing Agent on the date specified in the notice from the Borrower referred to in the first paragraph of this subsection (c), which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on the Reset Adjustment Date to be equal to 100% of the principal amount thereof (disregarding accrued interest); *provided, however,* that in no event shall the Reset Rate exceed the Maximum Rate.

The determination of a Reset Rate by the Remarketing Agent in accordance with the provisions of this subsection (c) shall (in the absence of manifest error) be conclusive and binding upon the Owners of the Bonds, the Issuer, the Servicer, the Credit Facility Provider, the Remarketing Agent, the Borrower, the Tender Agent and the Trustee, and each shall be protected in relying on it.

At least 40 and not more than 50 days prior to the final Interest Payment Date of a Reset Period, the Borrower shall elect to have the Bonds bear interest from and after such Interest Payment Date at a Reset Rate for a new Reset Period or at a Variable Rate or Fixed Rate by giving written notice of such election to the Trustee, the Tender Agent, the Issuer, the Credit Facility Provider, the Servicer and the Remarketing Agent. If the Borrower elects to have the Bonds bear interest at a Variable Rate or fails to make such election, the Borrower shall be deemed to have elected to have the Bonds bear interest at a Variable Rate determined in accordance with the procedures set forth in subsection (b) of this Section, commencing on the day immediately following the last day of the Reset Period, in which event there shall be no mandatory sinking fund redemption schedule for the Bonds during the succeeding Variable Period. Notwithstanding the election of the Borrower to have the Bonds bear interest at a new Reset Rate, a Variable Rate or a Fixed Rate, as the case may be, at the end of a Reset Period or the deemed election of the Borrower to have the Bonds bear interest at a Variable Rate, if the Borrower fails to supply the items required by this subsection (c) or subsection (d), as applicable, of this Section 2.02, the Bonds shall be redeemed (or purchased in lieu thereof) on the day following such Reset Period, pursuant to Section 3.01(b)(vi) or 3.06 hereof, as applicable.

(d) *Fixed Rate*. At the written request of the Borrower with the prior written consent of the Credit Facility Provider or at the written request of the Credit Facility Provider on behalf of the Borrower if the Borrower has not provided the Credit Facility Provider proof satisfactory to it of the extension or substitution of a Hedge Agreement satisfying the requirements of the Reimbursement Agreement not later than sixty (60) days prior to the expiration of any Hedge Agreement, the rate of interest on the Bonds may be established at a Fixed Rate on any Interest Payment Date during a Variable Period or on the day following any Reset Period, in accordance with the procedures set forth in this subsection (d). In order to effect a Fixed Rate Adjustment, the Borrower must deliver such written request (and consent of the Credit Facility Provider), or,

if applicable, the Credit Facility Provider on behalf of the Borrower must deliver such written request to the Trustee, the Issuer, the Credit Facility Provider, the Servicer, the Tender Agent and the Remarketing Agent specifying (i) the Fixed Rate Adjustment Date, which shall be not less than forty (40) days after such notice is received by such parties, (ii) any sinking fund redemption amounts for each Interest Payment Date, as provided in Section 3.01(c) hereof, at a price equal to the principal amount of Bonds subject to redemption plus interest accrued thereon to the date fixed for redemption, without premium, pursuant to Section 3.01(b)(v) hereof and any applicable optional redemption provision pursuant to Section 3.01(a) hereof, and (iii) the date on which the Fixed Rate will be determined by the Remarketing Agent, which date shall be not later than the Business Day immediately prior to the Fixed Rate Adjustment Date. Such notice must be followed, except as noted in the paragraph immediately below, on or before the date that is five (5) Business Days prior to notice being given by the Trustee to the Bondholders with respect to Fixed Rate Adjustment, by (1) an opinion of Bond Counsel to the effect that Fixed Rate Adjustment in accordance with the procedures described in this subsection (d) is permitted by this Indenture and the Act, and does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, (2) if Bonds are to be held publicly after the Fixed Rate Adjustment Date, either an irrevocable commitment (which commitment may be subject to customary commercial conditions) of an Alternate Credit Facility Provider to issue an Alternate Credit Facility to be in effect upon and after Fixed Rate Adjustment and until the maturity date of the Bonds, together with accompanying documentation required by Section 5.4 of the Financing Agreement or the irrevocable written commitment of the Credit Facility Provider for an amendment to the Credit Facility to fulfill the Interest Requirement and, if applicable, to extend the termination date of the Credit Facility, (3) the form of notice to be given by the Trustee to the Owners of the Bonds with respect to the Fixed Rate Adjustment, (4) payment to the Trustee and the Issuer of such amounts as the Trustee and the Issuer reasonably determine may be required in connection with the Fixed Rate Adjustment, including, but not limited to, its own fees and expenses (including those of its counsel) and the cost of printing new Bonds, (5) the proposed form of disclosure document (if any) to be distributed in connection with the remarketing of the Bonds on the Fixed Rate Adjustment Date and an undertaking of the Borrower which satisfies any applicable requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and (6) written evidence from the Rating Agency to the effect that the Bonds will be rated at least "Aa" by Moody's or "AA" by S&P, without regard to pluses or minuses (or such lower ratings as shall be approved by the Issuer) on the Fixed Rate Adjustment Date.

If (i) the Credit Facility to be in effect upon and after the Fixed Rate Adjustment, or (ii) an irrevocable commitment described in clause (2) of the preceding paragraph is not delivered to the Trustee in escrow at least fifteen (15) days before the Fixed Rate Adjustment Date, or if on any Business Day at least ten (10) days before the Fixed Rate Adjustment Date, the Trustee receives notice from the Borrower to the effect that it no longer wishes to proceed with the Fixed Rate Adjustment, or the Trustee receives written notice from the Remarketing Agent that a Market Risk Event has occurred, the Trustee shall not give the notice specified in the next paragraph to the Owners of the Bonds. In the event that the Trustee receives notice from the Remarketing Agent that a Market Risk Event has occurred after giving the notice specified in the next paragraph to the Owners of the Bonds, the Trustee shall notify the Owners of the Bonds that the Fixed Rate Adjustment, but not the mandatory tender of Bonds on the proposed Fixed Rate

Adjustment Date, has been cancelled. In such event, (1) if the Bonds bear interest at a Variable Rate prior to the proposed Fixed Rate Adjustment Date, they shall continue to bear interest at a Variable Rate, and (2) if the proposed Fixed Rate Adjustment Date was to be the day following a Reset Period, then the Bonds shall be redeemed (or purchased in lieu thereof) on the day following such Reset Period, pursuant to Section 3.01(b)(vi) or Section 3.06 hereof, as applicable.

The Trustee shall give notice to the Owners of the Bonds, by first class mail not less than nine (9) days before the Fixed Rate Adjustment Date, specifying: (i) the Fixed Rate Adjustment Date, and that the interest rate on the Bonds will be established at the Fixed Rate through the final maturity of the Bonds; (ii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Fixed Rate Adjustment Date; and (iii) that the Fixed Rate Adjustment Date (but not the mandatory tender of Bonds on the proposed Fixed Rate Adjustment Date) is subject to cancellation upon receipt by the Trustee of notice from the Remarketing Agent that a Market Risk Event has occurred.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this subsection (d) on the Fixed Rate Adjustment Date (including a canceled Fixed Rate Adjustment Date) shall be deemed to have been tendered for purchase on such Fixed Rate Adjustment Date, pursuant to Section 10.01 hereof for all purposes of this Indenture, including particularly Article X hereof; *provided, however,* that payment on such Bonds shall only be made upon presentation thereof.

From and after the Fixed Rate Adjustment and until maturity, the Bonds shall bear interest at the Fixed Rate. The Fixed Rate shall be that rate of interest, determined by the Remarketing Agent on the date specified in the notice from the Borrower referred to in the first paragraph of this subsection (d), which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on the Fixed Rate Adjustment Date to be 100% of the principal amount thereof (disregarding accrued interest); *provided, however,* that in no event shall the Fixed Rate exceed the Maximum Rate.

The determination of the Fixed Rate by the Remarketing Agent in accordance with the provisions of this subsection (d) shall (in the absence of manifest error) be conclusive and binding on the Owners of the Bonds, the Issuer, the Credit Facility Provider, the Servicer, the Remarketing Agent, the Borrower, the Tender Agent and the Trustee, and each shall be protected by relying on it.

Section 2.03. Limited Obligations. The Bonds and the interest on the Bonds are special, limited obligations of the Issuer, payable solely from the Trust Estate pledged therefor under this Indenture, including, without limitation, its interest in payments received under the Financing Agreement, the Bond Mortgage Note and the Credit Facility. The Bonds are not a debt of the Issuer, the State or of any other political subdivision of the State, and neither the Issuer, the State nor any other political subdivision of the State will be liable for the payment of the Bonds. The

faith and credit of the Issuer, the State or any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds.

THE BONDS, TOGETHER WITH THE INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE ISSUED UNDER THE ACT, AND CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, AND ARE AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND RECEIPTS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND PREMIUM, IF ANY, THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A PECUNIARY LIABILITY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PAST, PRESENT OR FUTURE DIRECTORS, MEMBERS, ELECTED OR APPOINTED OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS.

No agreement or obligation contained herein shall be deemed to be an agreement or obligation of any director, County Board member, officer, employee, commissioner, servant or agent of the Issuer in his or her individual capacity, and neither the directors of the Issuer nor any officer of the Issuer executing any Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, County Board member, officer, employee, servant or agent of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Indenture.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC, AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Section 2.04. Indenture Constitutes Contract. In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be part of the contract of the Issuer with the Owners of the Bonds and shall be deemed to be a contract between the Issuer and the Owners of the Bonds from time to time.

Section 2.05. Form and Execution. The Bonds shall be in substantially the form attached hereto as *Exhibit A,* with necessary and appropriate variations, omissions and insertions as are customary, permitted or required by this Indenture. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman of the Issuer, and attested by the manual or facsimile signature of the County Clerk of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds. Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds.

In case any officer of the Issuer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

Section 2.06. Authentication. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless a certificate of authentication on such Bond, substantially in the form set forth in *Exhibit A* attached hereto and made a part hereof, shall have been duly executed by an Authorized Officer of the Trustee; and such executed certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been duly executed, registered, authenticated and delivered under this Indenture. It shall not be necessary that the same Person sign the certificate of authentication on all of the Bonds.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like denomination, interest rate, series, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such lost, stolen or destroyed Bond, upon payment by the Owner thereof of any applicable tax or governmental charge and the reasonable expenses and charges of the Issuer and the Trustee in connection therewith, and in the case of a Bond lost, stolen or destroyed, the filing with the Trustee of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Issuer and the Trustee with indemnity satisfactory to each of them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Issuer may pay the same without surrender thereof.

Section 2.08. Transfer and Exchange of Bonds; Persons Treated as Owners. The Trustee as Bond Registrar shall cause a Bond Register to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the registered Owner or such registered Owner's duly authorized representative in such form as shall be satisfactory to the Bond Registrar and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute, and the Trustee shall authenticate and deliver to the transferee, a replacement fully

registered Bond or Bonds, of like interest rate, series, maturity and tenor and in Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may, in accordance with its terms, be exchanged, at the office of the Trustee, for a new fully registered Bond or Bonds, of the same maturity, of like interest rate, series, maturity and tenor and in any Authorized Denomination or Denominations and for the aggregate principal amount of such Bond then Outstanding.

In all cases in which Bonds shall be transferred or exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered Owner thereof, or such registered Owner's legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Neither the Issuer nor the Trustee shall be required to make any such exchange, registration or transfer of Bonds during the period of fifteen (15) days immediately preceding an Interest Payment Date if the Bonds bear interest at a Reset Rate or a Fixed Rate, or, in the case of any proposed redemption of Bonds, during the period of fifteen (15) days immediately preceding the selection of Bonds for such redemption, and after the giving of notice of redemption, the Trustee is not required to transfer or exchange any Bond or portion thereof which has been called for redemption.

Section 2.09. Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon the request of the Issuer the Trustee shall authenticate and deliver, in lieu of definitive Bonds temporary printed, typewritten, engraved or lithographed Bonds, in such Authorized Denomination or Denominations as shall be determined by the Issuer, in fully registered form, in substantially the form hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it at its designated corporate trust office of any temporary Bond shall cancel the same and authenticate and deliver in exchange therefor, without charge to the Owner thereof, a definitive Bond or Bonds, as the case may be, of an equal aggregate principal amount, of the same maturity, interest rate, series and tenor as the temporary Bond surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated under this Indenture. Interest on temporary Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon by the Trustee.

Section 2.10. Delivery of Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to or upon the order of the Issuer upon receipt by the Trustee of the following:

(a) executed counterparts of this Indenture, the Financing Agreement, the Tax Regulatory Agreement, the Tax Certificate, the Remarketing Agreement, the Intercreditor Agreement, the Pledge Agreement, the Credit Enhancement Agreement and the Reimbursement Agreement;

(b) an opinion of Bond Counsel to the effect that the Issuer has duly authorized, executed and delivered this Indenture, other loan documents to which it is a party and the Bonds and that the Bonds are entitled to the benefits of this Indenture and are valid and binding special, limited obligations of the Issuer, enforceable in accordance with their terms, subject to customary exceptions;

(c) sale proceeds of the Bonds, together with accrued interest thereon, if any;

(d) the Bond Mortgage Note;

(e) a copy of the executed Bond Mortgage and the Reimbursement Mortgage;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the State and in good standing under the laws of each other state in which the Borrower transacts business, and has full power and authority to enter into the agreements described herein to which it is a party, that its execution and delivery of and performance of its covenants in such agreements do not contravene law or any provision of any other agreement to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding agreements of the Borrower, enforceable against the Borrower in accordance with their respective terms;

(g) an opinion of Bond Counsel to the effect that the interest on the Bonds, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) a certified copy of the Bond Resolution;

(i) the written request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to the initial purchasers thereof upon payment to the Trustee, for the account of the Issuer, of the sum specified as the purchase price therefor in such request and authorization;

(j) receipt by the Trustee of the amounts specified in Section 2.11 of this Indenture and Section 3.3 of the Financing Agreement; and

(k) evidence that the Bonds have been rated "AAA/A-1+" by the Rating Agency.

Section 2.11. Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee. (a) The Trustee shall establish, maintain and hold in trust a Bond Mortgage Loan Fund. Money on deposit in the Bond Mortgage Loan Fund shall be invested as provided in Section 4.08 of this Indenture. No amount shall be charged against the Bond Mortgage Loan Fund, except as expressly provided in this Section 2.11 and Section 2.11A below.

(b) The proceeds of the sale of the Bonds shall be delivered to the Trustee on the Delivery Date. The Trustee shall deposit such Bond Proceeds in the Bond Mortgage Loan Fund. Amounts in the Bond Mortgage Loan Fund shall be disbursed as provided in subsection (d) of this Section. Upon the disbursement of all amounts in the Bond Mortgage Loan Fund, the Trustee shall close the Bond Mortgage Loan Fund. Following the rehabilitation of the Project, any balance remaining in the Bond Mortgage Loan Fund shall be applied as provided in Section 2.11A(d) of this Indenture.

(c) The Issuer shall cause the Borrower to deliver to the Trustee, on or prior to the Delivery Date, $_____ for deposit to the credit of the Cost of Issuance Fund established pursuant to Section 4.01 of this Indenture.

(d) Upon the deposit of money to the credit of the Bond Mortgage Loan Fund, the Trustee shall originate the Bond Mortgage Loan pursuant to the Financing Agreement, and the Trustee shall make disbursements of amounts in the Bond Mortgage Loan Fund to the Borrower or otherwise as provided in Section 2.11A of this Indenture.

Section 2.11A. Disbursement Procedures; Bond Mortgage Loan Fund Requisitions. (a) Amounts on deposit in the Bond Mortgage Loan Fund shall be disbursed from time to time by the Trustee for the purpose of paying Rehabilitation Costs of the Project that are approved by the Servicer pursuant to the terms, conditions and provisions of the Rehabilitation Escrow Agreement. In addition, amounts in the Bond Mortgage Loan Fund may be used for transfer to the Redemption Fund pursuant to Section 2.11A(d) of this Indenture.

(b) The Trustee shall make disbursements from the Bond Mortgage Loan Fund for the purposes described in Section 2.11A(a) hereof only upon the receipt of Requisitions, each in the form of *Exhibit E* attached to and made a part of this Indenture, signed in all cases by an Authorized Officer of the Borrower and countersigned by the Servicer (signifying the approval of the Requisition by the Servicer). The Trustee shall have no duty to determine whether any requested disbursement from the Bond Mortgage Loan Fund complies with the terms, conditions and provisions of the Rehabilitation Escrow Agreement. A copy of all fully executed Requisitions shall be provided by the Trustee to the Issuer upon receipt. The countersignature of the Servicer on a Requisition shall be deemed a certification and, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that all of the terms, conditions and requirements of the Rehabilitation Escrow Agreement applicable to such disbursement have been

fully satisfied or waived. The Trustee shall, immediately upon each receipt of a completed Requisition, initiate procedures to liquidate funds necessary to fund such Requisition.

Notwithstanding anything to the contrary contained herein:

(i) no signature of an Authorized Officer of the Borrower shall be required during any period in which a default has occurred and is then continuing under the Bond Mortgage Loan or the Reimbursement Security Documents (notice of which default has been given in writing by the Credit Facility Provider or the Servicer to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default); and

(ii) the Trustee shall disburse amounts in the Bond Mortgage Loan Fund upon receipt of a Requisition signed only by the Servicer (and without any need for any signature by an Authorized Officer of the Borrower), with notice to the Borrower, so long as the amount to be disbursed is to be used solely to make payments of fees due under the Rehabilitation Escrow Agreement.

(c) If a Requisition signed by the Authorized Officer of the Borrower and countersigned by the Servicer or (as permitted hereunder) solely by the Servicer is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than five (5) Business Days following receipt thereof by the Trustee.

Upon final disbursement of all amounts on deposit in the Bond Mortgage Loan Fund, including all interest accrued therein, the Trustee shall close the Bond Mortgage Loan Fund.

(d) Immediately prior to any mandatory redemption of Bonds pursuant to Section 3.01(b)(ii) of this Indenture, any amounts then remaining in the Bond Mortgage Loan Fund shall, at the written direction of the Credit Facility Provider, be transferred to the Redemption Fund to be applied to the redemption of Bonds pursuant to Section 3.01(b)(ii) of this Indenture. In addition, any amount remaining in the Bond Mortgage Loan Fund following completion of the acquisition and rehabilitation of the Project, as certified by the Servicer, shall be transferred to the Redemption Fund, and used to reimburse the Credit Facility Provider for the related redemption of Bonds in accordance with Section 3.01(b)(vii) of this Indenture.

(e) All Investment Income earned on amounts on deposit in the accounts of the Bond Mortgage Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in such accounts of the Bond Mortgage Loan Fund, including any transfers required by Section 2.11A(a) or Section 2.11A(d) of this Indenture.

Section 2.12. Book-Entry Only System of Registration. (a) Notwithstanding the foregoing provisions of this Article II, each of the Bonds shall initially be issued in the form of one fully-registered Bond in the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in paragraphs (f) and (g) below, and except with regard to Purchased Bonds issued in registered certificated form in accordance with Section 10.10(b) hereof, all of the Bonds shall be

registered in the name of Cede & Co., as nominee of DTC; *provided,* that if DTC shall request that the Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No Person other than DTC or its nominee or any "FAST" agent for DTC shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register in connection with discontinuing the book entry system as provided in paragraph (f) below or otherwise.

(b) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to DTC or its nominee in same day funds on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Trustee with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any series or maturity, the Trustee shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds, and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; *provided,* that DTC shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(c) The Issuer and the Trustee may treat DTC or its nominee as the sole and exclusive owner of the Bonds registered in its name for the purposes of the payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Owners of the Bonds and for all other purposes whatsoever; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. Neither the Issuer nor the Trustee shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to either: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery to any participant or to any other Person, other than the Owners of the Bonds as shown on the Bond Register, of any notice which is permitted or required to be given to the Owners of the Bonds under this Indenture; (5) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the Owner of the Bonds.

(d) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Owners of the Bonds

under this Indenture shall be given to DTC as provided in DTC's procedures, as the same may be amended from time to time.

(e) In connection with any notice or other communication to be provided to the Owners of the Bonds pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by the Owners of the Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; *provided,* that the Issuer or the Trustee may establish a special record date for such consent or other action. The Issuer or the Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (1) DTC determines to resign as securities depository for the Bonds; or (2) the Issuer determines (with the prior written consent of the Credit Facility Provider) to discontinue the system of book-entry transfers through DTC (or through a successor securities depository), subject to the rules and regulations of DTC regarding the discontinuation of the system of book-entry transfers in effect at such time. In either of such events (unless, in the case described in clause (2) above, the Issuer appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such Persons, and in such series, maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Trustee for the accuracy of such designation. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(g) The book-entry system for registration of the ownership of the Bonds shall be discontinued in the event that the Bonds are purchased in lieu of redemption pursuant to Section 3.06 of this Indenture. In such event, the Bonds shall be in the form of a single registered Bond, subject to transfer only upon execution and delivery by the transferee of an investment letter in the form attached hereto as *Exhibit C*.

Section 2.13. Mandatory Tender of Bonds on Substitution Date. Except during the Fixed Rate Period, the Borrower, pursuant to Section 5.4 of the Financing Agreement, is permitted with written confirmation to the Trustee from the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied, to provide an Alternate Credit Facility to replace the then outstanding Credit Facility at the times specified in the Financing Agreement.

(a) The Bonds shall be subject to mandatory tender for purchase on any Substitution Date from the sources available pursuant to Sections 10.03 and 10.04 hereof, at a Purchase Price equal to the principal amount thereof plus accrued interest to the Substitution Date.

(b) Upon receipt by the Trustee of (i) notice from the Borrower of a planned substitution, (ii) the aforementioned confirmation of the Credit Facility Provider; (iii) a form of the Alternate Credit Facility to be in effect on and after the Substitution Date and an irrevocable commitment to deliver such Alternate Credit Facility; (iv) a form of the disclosure document (if any) to be used in connection with the remarketing of the Bonds on the Substitution Date, and

(v) a form of the documents required pursuant to Section 5.4 of the Financing Agreement, the Trustee shall establish the Substitution Date for the mandatory tender and purchase of the Bonds. Such Substitution Date shall be not less than five (5) days following the Trustee's receipt of the Alternate Credit Facility to be in effect on and after the Substitution Date (which Alternate Credit Facility may be delivered in escrow), and such other required documents; *provided, however,* that the Substitution Date may be at a later date if the Trustee has received a commitment to extend the existing Credit Facility or the existing Credit Facility will be in place for up to a time period of not less than fifteen (15) days following the Trustee's receipt of the Alternate Credit Facility.

(c) The Trustee shall give notice to the Owners of the Bonds, by first class mail not less than nine (9) days before the Substitution Date, specifying: (a) the Substitution Date, and (b) that all Bonds must be surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Substitution Date. Any Bond tendered or deemed tendered on a Substitution Date and not successfully remarketed shall be purchased using funds drawn by the Trustee under the existing Credit Facility pursuant to Section 10.04 hereof, and if all Bonds are not successfully remarketed on any proposed Substitution Date, the proposed substitution of the Alternate Credit Facility shall not occur (though the mandatory tender of the Bonds shall still be required), and the Trustee shall send subsequent notice to Bond Owners that the substitution did not occur.

(d) Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this Section 2.13 on the Substitution Date (including any Substitution Date which fails to occur) shall be deemed to have been tendered for purchase on such Substitution Date pursuant to Section 10.02 hereof for all purposes of this Indenture, including particularly Article X hereof; *provided, however,* that the payment on such Bonds shall only be made upon presentation thereof.

ARTICLE III

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 3.01. Redemption of Bonds Prior to Maturity.

(a) *Optional Redemption.* (i) The Bonds are subject to optional redemption with the prior written consent of the Credit Facility Provider, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Section 4.4 of the Financing Agreement from payments made under the Credit Facility (subject to the limitations set forth in Section 3.01(a)(iv) hereof) or other Eligible Funds deposited with the Trustee as follows:

(A) During the Variable Period, on any date, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption .

(B) During a Reset Period or the Fixed Rate Period, on any date during the periods set forth in the table below and at the respective redemption prices set forth below expressed as percentages of the principal amounts of the Bonds called for redemption, such redemption prices declining as set forth below until such redemption price equals 100% of the principal amount of the Bonds, plus accrued interest, if any, to the date fixed for redemption:

TERM OF RESET PERIOD OR FIXED RATE PERIOD	REDEMPTION PRICES AS A PERCENTAGE OF PRINCIPAL AMOUNTS	EARLIEST CALL DATE
Greater than 15 years	103% after 10 years declining 1% per 12 months to 100%	10 years
Greater than 10 and less than or equal to 15	102% after 7 years declining 1% per 12 months to 100%	7 years
Less than or equal to 10 and greater than 7	102% after 4 years declining 1/2% per 12 months to 100%	4 years
Less than or equal to 7 and greater than 5	102% after 3 years declining 1% per 12 months to 100%	3 years
Less than or equal to 5 and greater than 2	101% after 1 year declining 1/2% per 6 months to 100%	2 years
Less than or equal to 2 and greater than 1	100-1/2% after 1 year declining 1/2% per 6 months to 100%	1 year
Equal to 1 year	100% after 6 months	6 months

provided, that, notwithstanding the foregoing, the Borrower and the Remarketing Agent may, not later than fifteen (15) days before the Reset Adjustment Date or the Fixed Rate Adjustment Date, as applicable, give notice to the Issuer, the Credit Facility Provider, the Servicer, and the Trustee setting forth a redemption schedule different from that set forth in this paragraph, accompanied by (1) the written consent of the Credit Facility Provider, if any, to be in effect for the ensuing Reset Period or Fixed Rate Period, as applicable, and (2) an opinion of Bond Counsel to the effect that such change does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes; and upon such notice and delivery of the consent and the opinion, such different redemption schedule shall apply to any redemption pursuant to this paragraph for such Reset Period or Fixed Rate Period, as applicable, without further action by any party.

(ii) While the Bonds are registered in the name of the Borrower pursuant to the Pledge Agreement, or on behalf of the Credit Facility Provider, in such other name as the Credit Facility Provider shall have directed, as a result of a mandatory tender for purchase of the Bonds pursuant to Section 3.06 hereof, the Bonds are subject to redemption, in whole or in part, on any date, at the option of the Credit Facility Provider, at a redemption price equal to the principal

amount thereof, plus accrued interest to the date fixed for redemption, without premium, from Eligible Funds or any other money acceptable to the Credit Facility Provider deposited with the Trustee.

(iii) Optional redemption of Bonds at a premium may only be made if the Trustee shall have received Eligible Funds (not consisting of funds drawn under the Credit Facility) on or prior to the redemption date in an amount sufficient to pay the applicable redemption premium.

(iv) The Trustee shall effect a redemption of Bonds pursuant to this Section 3.01(a) at the earliest practical date for which notice may be given hereunder, but in no event later than 35 days following its receipt of moneys representing an optional prepayment of the Bond Mortgage Loan.

(b) *Mandatory Redemption*. The Bonds are subject to mandatory redemption on any date, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, at the earliest practicable date from payments made under the Credit Facility upon the occurrence of any of the following:

(i) in whole or in part, upon receipt by the Trustee of (1) proceeds of a draw under the Credit Facility, in the amount of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for the draw under the Credit Facility as a result of casualty or condemnation of the Project, and (2) a written direction by the Credit Facility Provider to redeem such Bonds using money obtained as a result of a draw upon the Credit Facility; or

(ii) in whole or in part, upon receipt by the Trustee of amounts from the Credit Facility Provider pursuant to the Credit Facility as a result of the occurrence of an event of default under any Bond Mortgage Loan Document and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds pursuant to the Credit Facility; or

(iii) in whole, on the last Business Day which is not less than five days before the date of expiration of any Credit Facility, unless the Trustee receives a renewal or extension of or replacement for such Credit Facility meeting the requirements of Section 5.4 of the Financing Agreement, or, in the case of a replacement of the Credit Facility in connection with a Reset Adjustment Date or the Fixed Rate Adjustment Date pursuant to Section 2.02(c) or (d) hereof, an irrevocable commitment of an entity to issue an Alternate Credit Facility to be in effect upon and after such Reset Adjustment Date or Fixed Rate Adjustment Date, in each case not less than thirty (30) days before the expiration of the then-existing Credit Facility; or

(iv) in part, at the written direction of the Credit Facility Provider (a) on each Reset Adjustment Date, each Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date in an amount not greater than the amount in the Principal Reserve Fund on the first day of the month prior to such Reset Adjustment Date, Variable Rate

Adjustment Date or the Fixed Rate Adjustment Date, as applicable, or (b) on any Interest Payment Date during a Variable Period, in an amount not greater than the amount in the Principal Reserve Fund on the first day of the calendar month prior to such Interest Payment Date; or

(v) in part, on each Interest Payment Date, during any Reset Period or Fixed Rate Period, with respect to the Bonds that have term maturities occurring during such Reset Period or Fixed Rate Period, commencing on the first sinking fund mandatory redemption date established for the Bonds for such Reset Period or Fixed Rate Period as provided in subsection (c) below; *provided,* that if less than all the Bonds shall have been redeemed pursuant to Section 3.01(a) or 3.01(b)(i) hereof, the amount of Bonds to be redeemed in each year from sinking fund installments as provided in this Section 3.01(b)(v) shall be decreased by an amount, in proportion, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Loan in such year as determined by the Trustee; or

(vi) in whole, on the day following any Reset Period if the Trustee has not received the items required by Sections 2.02(c) or (d) hereof, as applicable, to effect a new Reset Period or a Fixed Rate Adjustment or upon cancellation of a rate adjustment on a Reset Adjustment Date or upon cancellation of a Fixed Rate Adjustment to a Fixed Rate; or

(vii) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project, to the extent of amounts in Authorized Denominations transferred to the Redemption Fund from the Bond Proceeds Account of the Bond Mortgage Loan Fund pursuant to Section 2.11A(d) (unless an Opinion of Bond Counsel addressed to the Trustee is provided to the Trustee to the effect that an alternate use of such moneys does not have an adverse impact on the tax-exempt status of the interest on the Bonds).

(c) At least fifteen (15) days before a Reset Adjustment Date or the Fixed Rate Adjustment Date the Borrower shall, with the prior written consent of the Credit Facility Provider, determine whether the Bonds shall have serial maturities, term maturities with sinking fund redemptions, term maturities without sinking fund redemptions or any combination thereof; *provided* that in all events the maturity structure shall be based on and consistent with the Principal Reserve Schedule; *provided, however,* the Borrower shall deliver to the Issuer, the Trustee and the Credit Facility Provider an Opinion of Bond Counsel to the effect that such determination of maturities and/or sinking fund redemptions will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(d) Following a Variable Rate Adjustment Date, there shall be no mandatory sinking fund redemption schedule for the Bonds during the succeeding Variable Period.

Section 3.02. Selection of Bonds for Redemption. (a) The Trustee shall select Bonds subject to mandatory sinking fund redemption pursuant to Section 3.01(b)(v) hereof by lot within the appropriate maturity. If less than all the Bonds then Outstanding shall be called for

redemption other than as a result of mandatory sinking fund redemption pursuant to Section 3.01(b)(v) hereof, the Trustee shall redeem an amount of Bonds so that the resulting decrease in debt service on the Bonds in each semiannual period ending on an Interest Payment Date is proportional, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Note in each such semiannual period, and the Bonds shall be selected by lot within each maturity, the cost of such selection being at the Borrower's expense.

(b) Bonds shall be redeemed pursuant to this Article III only in Authorized Denominations.

(c) In no event shall Purchased Bonds be subject to redemption without the prior written consent of the Credit Facility Provider.

Section 3.03. Notice of Redemption. Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

Notices of redemption shall state the date fixed for redemption and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption; (ii) the CUSIP numbers of all Bonds being redeemed if available; (iii) the amount of each Bond being redeemed (in the case of a partial redemption); (iv) the date of issuance of the Bond as originally issued; (v) the rate of interest borne by each Bond redeemed or that the Bonds bear interest at a Variable Rate; (vi) the maturity date of each Bond being redeemed; (vii) the possibility of a purchase of Bonds in lieu of redemption, if applicable; (viii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date fixed for redemption, including, as provided in Section 3.01(a)(iii) hereof, that Eligible Funds are available to pay any redemption premium on the Bonds; and (ix) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each notice of redemption shall state that further interest on such Bonds will not accrue from and after the date fixed for redemption and that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee unless the Bonds are then held in a book-entry only system of registration.

Notice of such redemption shall also be sent by certified mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to the Credit Facility Provider, to the Servicer, to the Remarketing Agent, to the Rating Agency, to all municipal registered Securities Depositories and to at least two of the national Information Services that disseminate

securities redemption notices, when possible, at least two (2) Business Days prior to the mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; *provided,* that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In addition to providing notice of redemption as set forth above, if the Bonds are no longer held in book-entry form, the Trustee shall send a second notice of redemption within sixty (60) days following the redemption date, by certified mail, overnight delivery service, or other secure means, postage prepaid, to the registered Owners of any Bonds called for redemption, at their addresses appearing on the Bond Register, who have not surrendered their Bonds for redemption within thirty (30) days following the date fixed for redemption.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or tender or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as herein provided.

Section 3.04. Cancellation. All Bonds that have been redeemed shall be marked cancelled by the Trustee, and shall not be reissued. A counterpart of the certificate of cancellation evidencing such cancellation shall, upon request, be furnished by the Trustee to the Issuer.

Section 3.05. Effect of Notice of Redemption. If a conditional notice of redemption has been provided pursuant to the terms of this Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in this Article III and if either there were no conditions to such redemption or the conditions have been satisfied (or in the event no such notice is required under Section 3.03 hereof), and money for the redemption being held by the Trustee or Paying Agent for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the date fixed for redemption, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

Section 3.06. Purchase of Bonds in Whole in Lieu of Redemption. Notwithstanding anything in this Indenture to the contrary, at any time during which the Bonds are subject to redemption in whole pursuant to the provisions of this Indenture, all (but not less than all) of the Bonds to be redeemed may be purchased by the Trustee (for the account of the Borrower or the Credit Facility Provider or their respective designee, as directed by such party) on the date which would be the date fixed for redemption at the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider (which direction shall specify that such purchase is pursuant to this Section 3.06, and shall be given no later than 12:00 noon, Washington, D.C., time on such date fixed for redemption), at a purchase price equal to the redemption price which would have been applicable to such Bonds on the date fixed for redemption. The Bonds shall be purchased in lieu of redemption only from amounts provided by

the Credit Facility Provider or from other Eligible Funds. In the event the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the Owners of the Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Trustee shall be authorized to apply to such purpose the funds in the Redemption Fund which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Such Bonds so purchased for the account of the Borrower shall for all purposes under this Indenture constitute Purchased Bonds held by the Custodian pursuant to the Pledge Agreement, and may be remarketed by the Remarketing Agent in accordance with the provisions of Section 10.03 of this Indenture. In addition, the Credit Facility Provider shall have the right to direct the transfer of Purchased Bonds (without reinstatement of the then existing Credit Facility or delivery to the Trustee of an Alternate Credit Facility, which will result in such Bonds being unrated) to the Credit Facility Provider or any subsidiary of the Credit Facility Provider, or to a single Bondholder which has provided the Trustee with an investment letter in the form attached to this Indenture as *Exhibit C*; *provided,* that any transfer to a single Bondholder as described above shall require delivery of an Opinion of Bond Counsel to the Trustee to the effect that such transfer does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Such Purchased Bonds, if not remarketed or transferred as provided herein, shall be redeemed and cancelled: (i) upon the written direction of the Credit Facility Provider; or (ii) automatically by the Trustee on the date which is not later than two (2) years from the date of purchase, unless an Opinion of Bond Counsel is delivered to the Trustee to the effect that not redeeming and canceling such Purchased Bonds does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Any purchase of Bonds hereunder is not intended as an extinguishment of the debt represented by the Bonds.

Following any purchase of Bonds pursuant to this Section 3.06, in no event shall the Credit Facility (or any funds advanced under the Credit Facility) directly or indirectly secure, or provide a source of payments of amounts due from time to time with respect to Bonds purchased pursuant to this Section 3.06.

Section 3.07. Cancellation of Purchased Bonds. Upon a specified redemption date on which all Bonds (other than Purchased Bonds) are redeemed or on a date on which all Bonds (other than Purchased Bonds) are presented to the Trustee for cancellation pursuant to Section 3.06, all Purchased Bonds shall be deemed cancelled; *provided,* that the Credit Facility Provider has consented in writing to such cancellation. No further money shall be required to be paid by the Issuer or the Credit Facility Provider in connection with such cancellation; *provided, however,* that such cancellation shall not release the obligation of the Borrower to reimburse the Credit Facility Provider for payments made in respect of principal of, interest on or Purchase Price of the Bonds, including Purchased Bonds.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Pledge of Revenues and Assets. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof shall attach,

be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any Person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 4.02. Establishment of Funds. In addition to the Bond Mortgage Loan Fund established pursuant to Section 2.11 hereof and the Bond Purchase Fund established pursuant to Section 10.03 hereof, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund, and within the Revenue Fund a General Account and a Credit Facility Account;

(b) Bond Fund and within the Bond Fund a Purchased Bonds Account;

(c) Redemption Fund;

(d) Administration Fund;

(e) Cost of Issuance Fund;

(f) Principal Reserve Fund; and

(g) Rebate Fund.

The Trustee shall, at the written direction of an authorized representative of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted under this Indenture.

Section 4.03. Application of Revenues. (a) All Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the General Account of the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Delivery Date, which shall be applied in accordance with the provisions of Section 2.11 and 2.11A hereof; (ii) amounts paid pursuant to the Credit Facility, which shall be deposited in the Credit Facility Account; (iii) the Bond Fee Component received from the Servicer or the Borrower, which shall be deposited to the Administration Fund; (iv) as otherwise specifically provided in subsection (c) of this Section with respect to certain deposits into the Redemption Fund; (v) as otherwise specifically provided

in the second paragraph of Section 4.06 hereof with respect to deficiencies in the Administration Fund; (vi) with respect to investment earnings to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; (vii) as otherwise specifically provided in Section 4.07 hereof with respect to certain deposits in the Principal Reserve Fund; and (viii) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) On each Interest Payment Date or any other date on which payment of the principal of or interest on the Bonds becomes due and payable, the Trustee, out of money in the Credit Facility Account and the General Account of the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Bond Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal of and interest due on the Bonds on such date (excluding principal or interest on any Purchased Bonds and excluding the principal constituting a mandatory sinking fund payment on any Bonds on such date); and

SECOND: to the Redemption Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal amount due and payable on the Bonds with respect to mandatory sinking fund redemption (excluding principal of any Purchased Bonds) on such date; and

THIRD: to the Redemption Fund from money in the Credit Facility Account (i) amounts paid to the Trustee under the Credit Facility to be applied to the mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b) hereof (other than a mandatory sinking fund redemption), and (ii) amounts paid to the Trustee under the Credit Facility to be applied to the optional redemption of all or a portion of the Bonds pursuant to Sections 3.01(a)(i) and 3.01(a)(ii) hereof; and

FOURTH: to the Credit Facility Provider from moneys in the General Account to reimburse draws under the Credit Facility to effect redemptions under Section 3.01(b)(viii) hereof; and

FIFTH: to the Purchased Bonds Account in the Bond Fund from money in the General Account, an amount equal to the interest due on the Purchased Bonds on such date.

(c) The Trustee shall deposit directly to the Redemption Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for a draw under the Credit Facility in such amount to provide for extraordinary mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b)(i) hereof; (ii) any amounts transferred from the Bond Mortgage Loan Fund following completion of rehabilitation pursuant to Section 2.11A(d) hereof; (iii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the optional redemption of all or a portion of the

Bonds pursuant to Section 3.01(a)(i) or Section 3.01(a)(ii) hereof; and (iii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the payment of any redemption premium in connection with an optional redemption of all or a portion of the Bonds pursuant to Section 3.01(a)(i) of this Indenture.

(d) Immediately upon receipt, the Trustee shall deposit directly to the Principal Reserve Fund all Principal Reserve Schedule Payments received by the Servicer from the Borrower.

(e) Immediately upon receipt, the Trustee shall deposit directly to the Administration Fund the Bond Fee Component received from the Servicer or the Borrower.

(f) Should the amount in the Bond Fund be insufficient to pay the amount due on the Bonds on any given Interest Payment Date or other payment date after the transfers from the Credit Facility Account, the Trustee shall credit to the Bond Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the General Account of the Revenue Fund; (2) the Administration Fund; (3) the Redemption Fund, except no such charge to the Redemption Fund shall be made from money to be used to effect a redemption for which notice of redemption has been provided for or from money which are held for payment of Bonds which are no longer Outstanding hereunder; and (4) at the written direction of the Credit Facility Provider pursuant to Section 4.07(f) hereof, the Principal Reserve Fund.

Section 4.04. Application of Bond Fund. The Trustee shall charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due (excluding principal on any Purchased Bond). Any money remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date shall be transferred to the Servicer for payment to the Credit Facility Provider to be applied in accordance with the Reimbursement Agreement.

Income realized from the investment or deposit of money in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

No amount shall be charged against the Bond Fund, except as expressly provided in this Article IV and in Section 6.05 of this Indenture.

Section 4.05. Application of Redemption Fund. Any money credited to the Redemption Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; *provided, however,* that to the extent any money credited to the Redemption Fund from Eligible Funds (other than draws under the Credit Facility) is in excess of the amount necessary to effect the redemptions described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the General Account of the Revenue Fund and the Administration

Fund are insufficient to make up such deficiency; *provided,* that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or money which are held for payment of Bonds which are no longer Outstanding hereunder shall be so transferred to the Bond Fund.

On or before each Interest Payment Date, the income realized from the investment of money in the Redemption Fund shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Redemption Fund, except as expressly provided in this Article IV and in Section 6.05 of this Indenture.

Section 4.06. Application of Administration Fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used, FIRST, in accordance with Section 4.03(d) hereof, to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent moneys then available in the General Account of the Revenue Fund are insufficient to make up such deficiency; SECOND, to pay to the Trustee when due the Ordinary Trustee's Fees and Expenses; THIRD, to pay to the Issuer when due the Issuer Fee; FOURTH, to pay the reasonable fees and expenses of a Rebate Analyst when due in connection with the computations relating to arbitrage rebate required under this Indenture and the Financing Agreement, upon receipt of an invoice from the Rebate Analyst; FIFTH, to deposit to any Custodial Escrow Account any deficiency in the amount held therein as certified in writing by the Servicer (or subsequent holder of the account) to the Trustee; SIXTH, to pay to the Remarketing Agent any unpaid portion of the Remarketing Agent Fee owed to it; SEVENTH, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Issuer and Freddie Mac; EIGHTH, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or this Indenture from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; NINTH, to pay to the Credit Facility Provider any unpaid portion of the amounts due under the Reimbursement Agreement, as certified in writing by the Credit Facility Provider to the Trustee; TENTH, to pay to the Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; ELEVENTH, to make up any deficiency in the Redemption Fund on any specified redemption date of Bonds, to the extent moneys then available in accordance with Section 4.03(d) hereof in the Redemption Fund are insufficient to redeem Bonds called for redemption on such specified redemption date; TWELFTH, to pay to the Rating Agency when due the annual rating maintenance fee, if any; and THIRTEENTH, to transfer any remaining balance after application as aforesaid to the General Account of the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower

of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.

On or before each Interest Payment Date, the income realized from the investment of money in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 of this Indenture.

Section 4.07. Principal Reserve Fund. (a) There shall be deposited into the Principal Reserve Fund the Principal Reserve Schedule Payments. Any interest earned on or profits realized from amounts on deposit in the Principal Reserve Fund shall be deposited into the Principal Reserve Fund, and, *provided* that the Trustee has not received notice from the Servicer of a deficiency in the Principal Reserve Fund, the Hedge Fee Escrow or other Custodial Escrow Account, and there is no deficiency in the Administration Fund or the Rebate Fund, and the Trustee has not received notice that a default exists under any of the Bond Mortgage Loan Documents, shall be paid to the Borrower on the Interest Payment Date next succeeding receipt of such interest or profits by the Trustee. In addition, there shall be deposited into the Principal Reserve Fund remarketing proceeds relating to Purchased Bonds, which shall be used to reimburse the Credit Facility Provider in an amount equal to the amount of any Liquidity Advance paid to the Trustee to purchase Bonds on any Settlement Date.

(b) At the direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be used by the Trustee to pay any amounts required to be paid by the Borrower under any Bond Mortgage Loan Document, to pay any amounts owed to the Credit Facility Provider in connection with any loan purchased by the Credit Facility Provider and secured by the Project, or to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider; *provided,* that the amounts on deposit in the Principal Reserve Fund shall, upon the occurrence of an event of default under any Bond Mortgage Loan Document, be used in any manner and for any purpose specified by the Credit Facility Provider.

(c) At the request of the Borrower, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Borrower (in which case the Trustee shall release such amounts to the Borrower; *provided,* that if, in the judgment of the Rebate Analyst, the amount on deposit in the Rebate Fund at such time is less than the amount required under Section 4.12 hereof to be rebated to the United States Treasury, then prior to any such release to the Borrower, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund), and/or (ii) reduce or no longer require deposits to the Principal Reserve Fund.

(d) On each Reset Adjustment Date, on each Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by

the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to Section 3.01(b)(iv) of this Indenture.

(e) On the first day of the month in which an Interest Payment Date falls during a Reset Period or a Fixed Rate Period, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to Section 3.01(b)(v) of this Indenture.

(f) On any Interest Payment Date, to the extent of any deficiency in the Bond Fund, to the extent money then available in accordance with Section 4.03(d) hereof in the General Account of the Revenue Fund, the Administration Fund and the Redemption Fund are insufficient to make up such deficiency, at the direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be transferred to the Bond Fund in the amount of such deficiency.

(g) [reserved]

(h) Any amounts remaining in the Principal Reserve Fund after payment in full of the principal of and interest on the Bonds shall be applied as provided in Section 4.11 of this Indenture.

Section 4.08. Investment of Funds. The money held by the Trustee shall constitute trust funds for the purposes of this Indenture. Any money attributable to each of the funds and accounts hereunder (except the Principal Reserve Fund as provided in this Section and the Bond Purchase Fund, the investment of which is provided for in Section 10.03 hereof) shall be invested by the Trustee, at the written direction of the Borrower, in Qualified Investments which mature on the earlier of (i) six months from the date of investment, and (ii) the date such money is needed; *provided,* that if the Trustee shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements; and *provided, further,* that amounts in the Credit Facility Account of the Revenue Fund shall be invested only in Government Obligations or in Qualified Investments of the type described in subparagraph (g) of the definition thereof which, in any case, shall mature or be subject to tender or redemption at par on or prior to the earlier of: (i) 30 days from the date of investment, or (ii) the date such money is required to be applied pursuant to the provisions of this Indenture. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments. In the absence of the written direction of the Borrower, the Trustee shall invest amounts on deposit in the funds and accounts established under this Indenture in investments described in subparagraph (e) of the definition of Qualified Investments. Such investments may be made through the investment or securities department of the Trustee or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. All such Qualified Investments purchased with money in any fund or account hereunder shall mature, or shall be subject to redemption or withdrawal without discount or penalty at the option of the Trustee, prior to the next succeeding Interest

Payment Date. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments.

Amounts on deposit in the Principal Reserve Fund shall be invested and reinvested by the Trustee as provided in the Reimbursement Agreement.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the General Account of the Revenue Fund, and any loss resulting on the sale thereof shall be charged against General Account of the Revenue Fund. Such investments shall be sold at the best price reasonably obtainable whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur. To the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12, and hereby notifies the Trustee hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with this Indenture.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.09. Money Held for Particular Bonds; Funds Held in Trust. The amounts held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds pending such payment, shall be set aside and held in trust by it for the Owners of the Bonds entitled thereto, and for the purposes hereof such interest, principal or redemption price, after the due date thereof, shall no longer be considered to be unpaid.

All money held by the Trustee, as such, at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 4.10. Accounting Records. The Trustee shall maintain accurate books and records for all funds and accounts established under this Indenture.

Section 4.11. Amounts Remaining in Funds. After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Issuer and the Trustee and other amounts required to be paid hereunder or under any Bond Mortgage Loan Document, including, but not

limited to, the Credit Facility and the Reimbursement Agreement, any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower; *provided however,* that if a default shall have occurred and remain uncured under any Bond Mortgage Loan Document of which the Trustee shall have received written notice from the Credit Facility Provider or the Servicer, then any such amounts remaining in any fund or account hereunder shall be paid to the Credit Facility Provider in accordance with the Reimbursement Agreement.

Section 4.12. Rebate Fund; Compliance with Tax Certificate. The Rebate Fund shall be established by the Trustee and held and applied as provided in this Section. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the United States Government, and neither the Issuer, the Borrower, the Credit Facility Provider nor the Bondholders shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Issuer, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Issuer, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Bond Year, the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations [taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.,* the temporary investments exceptions of Section 148(f)(4)(b) and (c) of the Code)], for this purpose treating the last day of the applicable Bond Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the *"Rebatable Arbitrage"*).

Within 55 days of the end of each fifth Bond Year, upon the written direction of the Issuer, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Trustee from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Trustee shall pay, as directed by the Issuer, Bond Counsel or the Rebate Analyst, to the United States Treasury, out of amounts in the Rebate Fund:

(i) Not later than 60 days after the end of (a) the fifth Bond Year, and (b) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(ii) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address specified by the Internal Revenue Service), on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States of America and to comply with all other requirements of this Section 4.12, Sections 2.4 and 4.3 of the Financing Agreement and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower.

The Trustee shall obtain and keep such records of the computations made pursuant to this Section 4.12 as are required under Section 148(f) of the Code to the extent furnished to the Trustee. The Borrower shall or shall cause the Rebate Analyst to provide to the Issuer and the Trustee copies of all rebate computations made pursuant to this Section 4.12. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments made by the Trustee as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure does not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 4.13. Cost of Issuance Fund. The Trustee shall use moneys on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter, upon delivery to the Trustee of appropriate invoices for such expenses and a requisition in the form attached as *Exhibit D*. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

Section 4.14. Reports from the Trustee. The Trustee shall, on or before the fifteenth (15th) day of each month, file with the Multifamily Loan Servicing Department of the Credit

Facility Provider and the Issuer (at its written request) a statement setting forth in respect of the preceding calendar month:

(i) the amount withdrawn or transferred by it and the amount deposited within or on account of each fund and account held by it under the provisions of this Indenture, including the amount of investment income on each fund and account;

(ii) the amount on deposit with it at the end of such month to the credit of each fund and account;

(iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and

(iv) any other information which the Credit Facility Provider or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations.

Upon the written request of any Bondholder, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to such Bondholder. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Issuer and the Credit Facility Provider and their agents and representatives upon reasonable prior notice during normal business hours.

Section 4.15. Payments under Bond Mortgage Loan. The Trustee and the Issuer hereby expressly acknowledge that references in this Indenture to payments or prepayments of the Bond Mortgage Loan shall, for all purposes of this Indenture, refer solely to such portion of such payments or prepayments actually paid by the Credit Facility Provider to the Trustee as Guaranteed Payments pursuant to the Credit Facility for which the Owner has correspondingly reimbursed the Credit Facility Provider in an amount equal to the Guaranteed Payments. Without in any way limiting the foregoing, the Trustee and the Issuer hereby acknowledge that, pursuant to the Guide, the Servicer will pay the Freddie Mac Credit Enhancement Fee, the Freddie Mac Reimbursement Amount and the Ordinary Servicing Fees and Expenses from payments under the Bond Mortgage Loan made by the Borrower prior to remitting the balance of such payments or prepayments to the Trustee for application as provided in this Indenture.

Section 4.16. Drawings under Credit Facility. The Credit Facility shall be held by the Trustee and drawn upon in accordance with its terms and the provisions of this Indenture. Money derived from draws upon the Credit Facility shall be deposited in the Credit Facility Account of the Revenue Fund and applied by the Trustee to pay the principal of and interest on the Bonds, and, in the event of a purchase of the Bonds, to pay, to the extent provided in the Credit Facility, the Purchase Price of the Bonds in accordance with this Indenture.

The Trustee shall draw money under the Credit Facility in accordance with the terms thereof when needed and in amounts sufficient to make timely payments of the principal of and interest, but not premium, on the Bonds when due and payable (*i.e.,* on any Interest Payment Date, any Settlement Date, any redemption date or the Maturity Date). The Trustee shall not,

however, be permitted to draw on the Credit Facility to pay the principal of and interest on Purchased Bonds.

While the Bonds are bearing interest at the Variable Rate, should any Variable Interest Computation Date fall between the date of the draw on the Credit Facility and the next Interest Payment Date on the Bonds, the Trustee shall assume that the Bonds will bear interest at the Maximum Rate from such Variable Interest Computation Date to the next Interest Payment Date, and shall draw on the Credit Facility accordingly. In the event that the Maximum Rate exceeds the actual interest rate during such period, the excess interest shall be immediately returned to the Credit Facility Provider.

Should the Credit Facility Provider become the owner of the Project by foreclosure or otherwise, the Trustee shall nevertheless continue to make payments on the Bonds only from draws on the Credit Facility or from other Eligible Funds.

The Trustee shall send to the Borrower a copy of any documents which are presented to the Credit Facility Provider in connection with a drawing on the Credit Facility concurrently with its submission of those documents to the Credit Facility Provider, if requested to do so by the Borrower. The Borrower shall be permitted to provide the Trustee with an Alternate Credit Facility in accordance with this Indenture and the Financing Agreement.

Section 4.17. Notices under Credit Enhancement Agreement. The Trustee hereby agrees to provide to the Credit Facility Provider all such notices, including any notice of failure to receive a payment, as shall be required under the Credit Facility in the manner and within the periods of time provided therein and the Trustee, and the Issuer each hereby acknowledges that certain notices constitute a condition precedent to payment by the Credit Facility Provider under the Credit Facility.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. Payment of Principal and Interest. The Issuer covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, premium, if any, the Purchase Price of and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

Section 5.02. Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto.

Section 5.03. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto, and such further acts, instruments and transfers as may be

reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section of this Indenture. The Issuer covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Trust Estate or the revenues or receipts therefrom.

The Issuer will promptly notify the Trustee and, so long as Freddie Mac is the Credit Facility Provider, the Servicer in writing of the occurrence of any of the following:

(A) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Issuer with respect to the Bonds;

(B) any change in the location of the Issuer's principal office or any change in the location of the Issuer's books and records relating to the transactions contemplated hereby;

(C) the occurrence of any default or Event of Default of which the Issuer has actual knowledge;

(D) the commencement of any proceedings or any proceedings instituted by or against the Issuer in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Bonds; or

(E) the commencement of any proceedings by or against the Issuer under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for the Issuer or any of its assets relating to the Bonds.

Section 5.04. Inspection of Project Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Trustee or the Credit Facility Provider may from time to time reasonably designate.

Section 5.05. No Modification of Security; Additional Indebtedness. The Issuer covenants that it will not, without the written consent of the Trustee and the Credit Facility Provider, alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds or the payment of any amount owed to the Credit Facility

Provider. The Issuer further covenants not to create or suffer to be created any lien upon the Trust Estate or any part thereof, other than the lien created hereby and by the Bond Mortgage and the Reimbursement Mortgage without the prior written consent of the Credit Facility Provider.

Section 5.06. Damage, Destruction or Condemnation. Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Bond Mortgage Loan Documents and, to the extent consistent therewith, Section 3.01(b)(i) of this Indenture.

Section 5.07. Tax Covenant.

(a) *Issuer's Covenants.* The Issuer covenants to and for the benefit of the Owners of the Bonds that:

(i) to the extent it has control over the proceeds of the Bonds, and solely in reliance on the Borrower, it will neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the money and investments held in the funds and accounts in any manner which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the *"Regulations"*) or which would otherwise cause the interest payable on the Bonds to be includible in gross income for federal income tax purposes;

(ii) it will not knowingly take or omit to take any other action or actions over which it exercises control, which action or omissions would cause the interest payable on the Bonds to be includible in gross income for federal income tax purposes;

(iv) to the extent it has control over the proceeds of the Bonds, and solely in reliance on the Borrower, it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that the interest paid by the Issuer on the Bonds will be excluded from the gross income for federal income tax purposes, of the Bondholders pursuant to Section 103 of the Code, except in the event where any such owner of Bonds is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of the Code; and

(v) it will not knowingly take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate, and acknowledges its incorporation into this Indenture by this reference, and agrees to comply with the terms specifically applicable to it.

(b) *Trustee's Covenants.* The Trustee hereby agrees that it will invest funds held under this Indenture in accordance with the terms of this Indenture and the Tax Certificate (this

covenant shall extend throughout the term of the Bonds, to all funds and accounts created under this Indenture and all money on deposit to the credit of any fund or account). The Trustee covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other Bond Financing Document, it will not make or cause to be made any investment or other use of the money in the funds or accounts which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includible in gross income for federal income tax purposes; *provided,* that the Trustee shall be deemed to have complied with these requirements, and shall have no liability to the extent it follows the written directions of the Borrower, the Issuer or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an Opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment or use so as to prevent the Bonds from becoming "arbitrage bonds," and the Trustee will bear no liability to the Issuer, the Borrower, the Owners of the Bonds or the Credit Facility Provider for investments made in accordance with such instructions.

Section 5.08. Representations of the Issuer. The Issuer hereby represents as follows:

(a) The Issuer is a political subdivision duly organized and validly existing under the Constitution and the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Indenture, the Financing Agreement and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Revenues pledged for the repayment of the Bonds are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Indenture, and all action on the part of the Issuer to that end has been duly and validly taken.

(d) The Bond Financing Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

For the purposes of making all of the representations and warranties made in this Section 5.08, the Issuer has relied, and hereby is relying, upon the opinion of Bond Counsel, dated the Delivery Date, as to the qualification of the Project under the Act.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 6.01. Events of Default. Each of the following shall be an event of default with respect to the Bonds (an *"Event of Default"*) under this Indenture:

(a) failure to pay the principal or Purchase Price of, premium, if any, or interest on any Bond (other than Purchased Bonds) when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for redemption thereof, by acceleration or otherwise; or

(b) failure by the Credit Facility Provider to make when due a required payment under the Credit Facility; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer (other than those set forth in Section 5.01 hereof) set forth in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof (which notice shall be effective only with the written consent of the Credit Facility Provider if no Event of Default has occurred and is then continuing under Section 6.01(b) hereof) to the Issuer from the Trustee or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding at such time, specifying such default and requiring the same to be remedied; *provided,* that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Issuer commences the required cure within such thirty (30) day period and continues the cure with diligence and the Issuer reasonably anticipates that the default could be cured within sixty (60) days, the Issuer shall have sixty (60) days following receipt of such notice to effect the cure.

The Trustee and the Issuer agree that, notwithstanding the provisions hereof, no default under the terms of this Indenture shall be construed as resulting in a default under the Bond Mortgage Note, the Bond Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes an event of default thereunder.

The Trustee will immediately notify the Issuer, the Remarketing Agent, the Servicer and the Credit Facility Provider after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02. Acceleration; Other Remedies upon Event of Default. (a) Upon the occurrence of an Event of Default as provided in Section 6.01(a) hereof, the Trustee shall, but so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing

delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, and interest on the Bonds shall cease to accrue, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default as provided in Section 6.01(c) hereof, the Trustee may, but so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, only upon receipt of the written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable and interest on the Bonds shall cease to accrue, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

(c) Upon the occurrence of an Event of Default under Section 6.01(b) hereof, the Trustee may, and upon the written request of the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity satisfactory to it shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable and interest on the Bonds shall cease to accrue upon such declaration, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of an Event of Default occurring under Section 6.01(a) or (c) hereof shall be made from the Credit Facility.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or the Credit Facility Provider, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Reimbursement Agreement (including with respect to Freddie Mac all outstanding Freddie Mac Reimbursement Amounts and all Freddie Mac Credit Enhancement Fees) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Credit Facility Provider (or, if an Event of Default under Section 6.01(b) hereof has occurred and is then continuing, by the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding), then and in every case, the Trustee on behalf of the Owners of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Owners of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no Event of Default has occurred and is continuing under Section 6.01(b) hereof), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Owners of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights; *provided,* that, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding and to require the Issuer or the Credit Facility Provider to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, the Bond Resolution, the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

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

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Credit Facility Provider or the Bondholders hereunder or under the Financing Agreement, the Tax Regulatory Agreement, the Credit Facility or the Reimbursement Agreement, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee, the Credit Facility Provider or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

In all events the rights of the Trustee to exercise remedies under this Indenture upon the occurrence of an Event of Default shall be subject to the provisions of the Intercreditor Agreement.

Section 6.03. Rights of Bondholders. If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, and if requested in writing so to do by the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem to be in the best interests of the affected Bondholders. If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of Section 6.08 hereof, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.04. Waiver by Issuer. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State and the United States of America.

Section 6.05. Application of Moneys after Default. All money collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the General Account of the Revenue Fund. Such money so credited to the General Account of the Revenue Fund and all other money from time to time credited to the General Account of the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Bond Fund, the Redemption Fund, the Administration Fund and the Principal Reserve Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money (other than money held for the payment or redemption of particular Bonds as provided in Section 4.09 hereof) and amounts drawn from the Credit Facility under Section 6.02 hereof shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Trustee incurred in the performance of its duties under this Indenture, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture.

(b) So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement (including with respect to Freddie Mac all Freddie Mac Credit Enhancement Fees and Freddie Mac Reimbursement Amounts).

(c) Unless the principal of all Bonds shall have become or have been declared due and payable:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds (other than Purchased Bonds) in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any (which payment of premium shall not be restricted to Eligible Funds), on any Bonds (other than Purchased Bonds) which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds (other than Purchased Bonds) so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference, and then to the payment of any premium due on the Bonds (other than Purchased Bonds), ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference; and

THIRD: to the payment of the interest on, principal of and premium, if any, on the Purchased Bonds (in the order of priority listed).

(d) If the principal of all of the Bonds shall have become or have been declared due and payable, FIRST, to the payment of the principal of, premium, if any (which payment of premium shall not be restricted to Eligible Funds), and interest then due and unpaid upon the Bonds (other than Purchased 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, premium and interest, to the Persons entitled thereto without any discrimination or preference except as to any differences in the respective rates of interest specified in the Bonds, and, SECOND, to the payment of the principal of, premium, if any, and interest then due and unpaid on the Purchased Bonds.

(e) If an Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then

due and unpaid under the Reimbursement Agreement to the date of such Event of Default.

Section 6.06. Rights of the Credit Facility Provider. If an Event of Default under Section 6.01(a) or (c) hereof shall have occurred and so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, upon receipt of the written direction of the Credit Facility Provider (which direction may be given in the sole discretion of the Credit Facility Provider), the Trustee shall be obligated to exercise any right or power conferred by this Article in the manner set forth in such written direction of the Credit Facility Provider. If such written direction expressly states that the Trustee may exercise one or more of the rights and powers conferred in this Article as the Trustee shall deem to be in the interest of the Bondholders and the Credit Facility Provider, the Trustee shall exercise one or more of such rights and powers as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders and the Credit Facility Provider; *provided, however,* that in any event, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may not undertake any action to realize, through sale or otherwise, upon the Bond Mortgage Loan without the express written direction of the Credit Facility Provider. So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, in the case of an Event of Default under Section 6.01(a) or (c) hereof, the Credit Facility Provider shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.07. Remedies Vested in Trustee. All rights of action, including the right to file proof of claims, under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery or judgment shall be for the mutual benefit as provided herein of all of the Owners of the Outstanding Bonds.

Section 6.08. Remedies of Bondholders. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default shall have occurred of which the Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default under Section 6.01(b) hereof; (c) the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is such an Event of Default shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Owners shall have offered to the Trustee indemnity as provided in this Indenture; and (e) the Trustee shall within sixty (60) days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of

any other Owners of Bonds or to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided with respect to the equal and ratable benefit of all Owners of Bonds with respect to which there is a default. Nothing contained in this Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective Owners thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

Section 6.09. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider, the Borrower and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.10. Waivers of Events of Default. So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds only upon the written direction of the Credit Facility Provider. If there shall have occurred and is then continuing an Event of Default under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the Owners of 100% of the Bonds then Outstanding with respect to which there is a default; *provided, however,* that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds (other than Purchased Bonds) at the date of maturity specified therein, or upon proceedings for mandatory redemption or in the Purchase Price of any Bonds (other than Purchased Bonds), (b) any default in the payment when due of the interest or premium on any such Bonds (other than Purchased Bonds), unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11. Notice to Bondholders If Default Occurs. Upon the occurrence of an Event of Default of which the Trustee is required to take notice pursuant to Section 7.02(l) hereof, the Trustee shall, within thirty (30) days, give written notice thereof by first class mail to the registered Owners of all Bonds then Outstanding. Notwithstanding the foregoing, except in the

case of an Event of Default with respect to the payment of principal of or premium, if any, and interest on the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors of the Trustee, the executive committee, or a trust committee of directors or officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the Owners of the Bonds.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01. Standard of Care. The Trustee, prior to an Event of Default as defined in Section 6.01 and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations should be read into this Indenture against the Trustee. The Trustee, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee; and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Credit Facility Provider or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding (or such lesser or greater percentage as is specifically required or permitted by this Indenture) relating to

the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

Section 7.02. Reliance Upon Documents. Except as otherwise provided in Section 7.01 hereof:

(a) the Trustee may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties;

(b) any notice, request, direction, election, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Issuer by an Authorized Officer of the Issuer (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a copy of such resolution duly certified by the County Clerk of the Issuer;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Trustee by a copy of such resolution duly certified by an authorized representative of the Borrower;

(d) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Servicer by an Authorized Officer of the Servicer (unless other evidence in respect thereof be herein specifically prescribed);

(e) any notice, request, direction, election, order or demand of the Credit Facility Provider mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Credit Facility Provider by any Authorized Officer of the Credit Facility Provider (unless other evidence in respect thereof be herein specifically prescribed);

(f) any notice, request, direction, election, order or demand of the Remarketing Agent mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Remarketing Agent by any Authorized Officer of the Remarketing Agent (unless other evidence in respect thereof be herein specifically prescribed);

(g) any notice, request, direction, election, order or demand of the Tender Agent mentioned herein shall be sufficiently evidenced by an instrument purporting to be

signed in the name of the Tender Agent by any Authorized Officer of the Tender Agent (unless other evidence in respect thereof be herein specifically prescribed);

(h) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Trustee may consult with counsel (who may be counsel for the Issuer, the Servicer or the Credit Facility Provider) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Issuer or the Borrower and such certificate shall in the absence of bad faith on the part of the Trustee be full warrant to the Trustee for any action taken or permitted by it under the provisions of this Indenture, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Bonds (except the Trustee's Certificate of Authentication thereon) shall be taken as the statements of the Issuer and the Borrower, and shall not be considered as made by or imposing any obligation or liability upon the Trustee. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer or the Borrower to the Trust Estate, or as to the security of this Indenture, or of the Bonds issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(k) the Trustee shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Trust Estate; and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this subsection (k);

(l) the Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements herein or in any contracts or securities assigned or conveyed to or pledged with the Trustee hereunder, except Events of Default that are evident under Section 6.01(a) or Section 6.01(b) of this Indenture. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) or Section 6.01(b) hereof) unless a Responsible Officer of the Trustee shall receive from the Issuer, the Credit Facility Provider or the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively

assume that there is not such default. Every provision contained in this Indenture or related instruments or in any such contract or security wherein the duty of the Trustee depends on the occurrence and continuance of such default shall be subject to the provisions of this subsection (l);

(m) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, and shall be under no other duty in respect of the same, except to retain the same in its files and permit the inspection of the same at reasonable times by the Owner of any Bond;

(n) the Trustee shall be under no obligation to exercise those rights or powers vested in it by this Indenture, other than such rights and powers which it shall be obliged to exercise in the ordinary course of its trusteeship under the terms and provisions of this Indenture, at the request or direction of any of the Bondholders pursuant to Sections 6.03 and 6.08 of this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction; and

(o) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(p) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee under this Indenture.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Borrower shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Borrower elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees to assume all risks arising out of the use of such electronic methods to submit instructions

and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee is authorized and directed to execute in its capacity as Trustee the Financing Agreement, the Tax Regulatory Agreement and the Intercreditor Agreement, and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Trustee or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

Section 7.03. Use of Proceeds. The Trustee shall not be accountable for the use or application of any of the Bonds authenticated or delivered hereunder or of the proceeds of the Bonds except as provided in Articles II and V of this Indenture.

Section 7.04. Trustee May Hold Bonds. The Trustee and its officers and directors may acquire and hold, or become pledgees of Bonds and otherwise may deal with the Issuer and the Owner in the same manner and to the same extent and with like effect as though it were not Trustee under this Indenture.

Section 7.05. Trust Imposed. All money received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other money, except to the extent required by law.

Section 7.06. Compensation of Trustee. The Trustee shall be entitled to its Ordinary Trustee's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Trustee shall be entitled to Extraordinary Trustee's Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder; *provided,* that the Trustee shall not incur any Extraordinary Trustee's Fees and Expenses without the consent of the Credit Facility Provider (except that no consent shall be required if an Event of Default under Section 6.01(b) hereof has occurred and is continuing). If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Trustee for its services and reimbursement to the Trustee for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in Section 4.06 hereof and in

the Financing Agreement. The Issuer shall have no liability for Trustee's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Trustee agrees that it shall continue to perform its duties hereunder even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Trustee's Fees and Expenses, as required by the Financing Agreement.

The Borrower shall indemnify and hold harmless the Trustee and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Indenture or transactions contemplated thereby, the Project, or the issuance, offering, sale or remarketing of the Bonds; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the issuance, offering, sale or remarketing of the Bonds; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the willful misconduct or unlawful acts of such person. In the event that any action or proceeding is brought or claim made against the Trustee, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section shall survive the termination of this Indenture and the resignation or the removal of the Trustee.

Section 7.07. Qualifications of Trustee. There shall at all times be a Trustee hereunder which shall be a bank with trust powers or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.09 of this Indenture. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.09 of this Indenture.

Section 7.08. Merger of Trustee. Any association or corporation into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any

association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, *ipso facto*, be and become successor Trustee hereunder and vested with all the title to the whole property or the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Trustee in respect of the beneficial interest of the Trustee in the Bond Mortgage Loan.

Section 7.09. Resignation by the Trustee. The Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider, and by giving notice by certified mail or overnight delivery service to each Owner of the Bonds then Outstanding. Such notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider may be served personally or sent by certified mail. The resignation of the Trustee shall not be effective until a successor Trustee has been appointed as provided herein, and such successor Trustee shall have agreed in writing to be bound by the duties and obligations of the Trustee under the Intercreditor Agreement.

Section 7.10. Removal of the Trustee. (a) The Trustee may be removed at any time, either with or without cause, with the consent of the Credit Facility Provider (which consent of the Credit Facility Provider shall not be unreasonably withheld), by a written instrument signed by the Issuer and delivered to the Trustee, the Borrower, the Tender Agent and the Remarketing Agent, and if an Event of Default shall have occurred and be continuing, other than an Event of Default under Section 6.01(b) hereof, by a written instrument signed by the Credit Facility Provider and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent and the Remarketing Agent. The Trustee may also be removed, if an Event of Default under Section 6.01(b) hereof shall have occurred and be continuing, by a written instrument or concurrent instruments signed by the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider. The Trustee may also be removed by the Credit Facility Provider following notice to the Issuer and after a 30-day period during which the Issuer may attempt to cause the Trustee to discharge its duties in a manner acceptable to the Credit Facility Provider, and in each case written notice of such removal shall be given to the Servicer, the Borrower, the Remarketing Agent and to each Registered Owner of the Bonds then Outstanding as shown on the Bond Register. Any such removal shall take effect on the day specified in such written instrument(s), but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been appointed, and has accepted such appointment, and has agreed in writing to be bound by the duties and obligations of the Trustee under the Intercreditor Agreement.

Section 7.11. Appointment of Successor Trustee. (a) In case at any time the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith

and *ipso facto* be created in the office of such Trustee hereunder, and the Issuer, with the written consent of the Credit Facility Provider, shall promptly appoint a successor Trustee, and give notice of such appointment to the Remarketing Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Issuer.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to subsection (a) of this Section within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Trustee pursuant to Section 7.10 hereof, the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 7.12. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, accepting assignment of the beneficial interest in the Bond Mortgage, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, the Borrower or the Credit Facility Provider, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Trustee all the Trust Estate and the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, including, but not limited to, the existing Credit Facility, and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Trustee for more fully and certainly vesting in such successor the Trust Estate and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded. Each successor Trustee shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Owners of all Bonds Outstanding at their addresses on the Bond Register.

Section 7.13. Successor Trustee as Trustee, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which shall have resigned or shall have been removed shall cease to be trustee and paying agent on the Bonds and Bond Registrar, and the successor Trustee shall become such Trustee, Paying Agent and Bond Registrar.

Section 7.14. Appointment of Co-Trustee or Separate Trustee. It is the intent of the Issuer and the Trustee that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under or connected with this Indenture, the Financing Agreement or any of the other

Bond Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Trustee or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee, with the consent of the Issuer, appoint an additional individual or institution as a co-trustee or separate trustee.

In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Trustee herein or to hold title to the Trust Estate or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them, subject to the remaining provisions of this Section. Such co-trustee or separate trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer and the Trustee.

Should any instrument in writing from the Issuer be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer, the Trustee and the Borrower. If the Issuer shall fail to deliver the same with thirty (30) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any co-trustee or separate trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(a) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in

the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(b) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(c) any co-trustee or separate trustee to the extent permitted by law shall delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(d) the Trustee at any time by an instrument in writing with the concurrence of the Issuer evidenced by a certified resolution may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Issuer, and upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(e) no Trustee or co-trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder;

(f) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(g) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

The total compensation of the Trustee and co-trustee or separate trustee shall be as, and may not exceed the amount, provided in Section 7.06 of this Indenture.

Section 7.15. Notice of Certain Events. The Trustee shall give written notice to the Issuer, the Servicer and the Credit Facility Provider of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Market Risk Event of which a Responsible Officer has actual knowledge.

Section 7.16. Record of Freddie Mac Credit Enhancement Payments and Freddie Mac Reimbursement Amounts. The Trustee shall maintain records of all Freddie Mac Credit

Enhancement Payments received by it from Freddie Mac under the Credit Enhancement Agreement and of all Freddie Mac Reimbursement Amounts paid by the Trustee to Freddie Mac or known by the Trustee to be due to Freddie Mac, but unpaid from time to time. The Trustee hereby agrees, upon receipt of a written request from Freddie Mac, to cooperate with Freddie Mac and the Servicer in connection with the reconciliation of the Trustee's records maintained pursuant to this Section 7.16 and any similar records maintained by Freddie Mac or the Servicer.

Section 7.17. Filing of Financing Statements. The Trustee shall file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Bonds pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Trustee shall immediately notify the Issuer, the Borrower, the Credit Facility Provider and the Servicer that the same has been done. If direction is given by the Servicer or the Credit Facility Provider, the Trustee shall file all continuation statements in accordance with such directions. In addition, unless the Trustee shall have been notified in writing by the Issuer or the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 7.17, and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements under this Indenture.

ARTICLE VIII

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) to cure any formal defect, omission, inconsistency or ambiguity herein in a manner not materially adverse to the Owner of any Bond to be Outstanding after the effective date of the change;

(b) to grant to or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with this Indenture or the rights of the Trustee hereunder as theretofore in effect;

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

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state blue sky laws;

(e) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(f) to modify, amend or supplement this Indenture as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will adversely affect the interests of the Owners of the Bonds to be Outstanding after the effective date of the change;

(g) during a Variable Period, to modify, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 8.02 hereof, if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least thirty (30) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 10.01 hereof;

(h) to modify, alter, amend or supplement this Indenture in connection with the delivery of any Alternate Credit Facility or upon the occurrence of any Reset Adjustment Date, Variable Rate Adjustment Date or Fixed Rate Adjustment Date;

(i) to implement or modify any secondary market disclosure requirements; and

(j) to modify, amend or supplement this Indenture in any other respect which is not materially adverse to the Owners of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.02 of this Indenture.

Section 8.02. Supplemental Indentures Requiring Consent of Bondholders. With the prior written consent of the Credit Facility Provider, the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; *provided, however,* that nothing in this Section contained shall permit, or be construed as permitting, (a) an extension of the time for payment of or reduction in the Purchase Price, or an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or

extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Bond Mortgage Note, without the consent of the Owners of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of this Indenture, (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Owners of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds, or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered Bondholders and to the Credit Facility Provider. Such notice shall briefly set forth the nature of the proposed supplemental indenture, and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders.

Thirty (30) days after the date of the mailing of such notice, the Issuer and the Trustee may enter into such supplemental indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee the required consents, in writing, of the Credit Facility Provider and the Owners of not less than the percentage of Bonds required by this Section. If the Owners of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution and delivery of a supplemental indenture as provided herein, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article

Anything in this Article VIII to the contrary notwithstanding, unless the Borrower shall then be in default of any of its obligations under the Financing Agreement, the Reimbursement Agreement, the Tax Regulatory Agreement, the Bond Mortgage Note, the Bond Mortgage or the Reimbursement Mortgage, a supplemental indenture under this Article which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have expressly consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to be mailed by certified or registered mail to the Borrower or the Borrower's attorney at least fifteen (15) days prior to the proposed date of execution and delivery of any supplemental indenture.

Notwithstanding any other provision of this Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Credit Facility Provider, the Owners of all Bonds then Outstanding and, as applicable, the Borrower.

Section 8.03. Amendments to Financing Agreement Not Requiring Consent of Bondholders. The Trustee shall, without the consent of, or notice to, the Bondholders, but with the consent of the Borrower and the Credit Facility Provider, consent to any amendment, change or modification of the Financing Agreement as follows:

(a) as may be required by the provisions of the Credit Facility, the Financing Agreement or this Indenture;

(b) to cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement in a manner not materially adverse to the Owner of any Bond to be Outstanding after the effective date of the change;

(c) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(d) to modify, amend or supplement the Financing Agreement as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will adversely affect the interests of the Owners of the Bonds to be Outstanding after the effective date of the change;

(e) during a Variable Period, to modify, amend or supplement the Financing Agreement in any other respect, including amendments which would otherwise be described in Section 8.04 hereof, if notice of the proposed amendments is given to Bondholders (in the same manner as notices of redemption are given) at least thirty (30) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 10.01 hereof;

(f) to modify, alter, amend or supplement the Financing Agreement in connection with the delivery of an Alternate Credit Facility or upon the occurrence of any Reset Adjustment Date, Variable Rate Adjustment Date or Fixed Rate Adjustment Date; or

(g) to modify, amend or supplement the Financing Agreement in any other respect which is not materially adverse to the Trustee or Owners of the Bonds to be Outstanding after the effective date of the change.

Section 8.04. Amendments to Financing Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications of the Financing Agreement as provided in Section 8.03 hereof, neither the Issuer nor the Trustee shall consent to any other amendment,

change or modification of the Financing Agreement without the consent of the Credit Facility Provider and the Borrower and without the giving of notice and the written approval or consent of the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding given and procured in accordance with the procedure set forth in Section 8.02 hereof; *provided, however,* that nothing contained in this Section 8.04 shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's obligation to make the payments required under the Financing Agreement without the consent of the Owners of all of the Bonds then Outstanding. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Financing Agreement, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 of this Indenture. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by Bondholders.

Section 8.05. Amendments to the Credit Facility. The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility (including but not limited to Section 3.4(b) of the Credit Enhancement Agreement), (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in a manner which is not prejudicial to the interests of the Bondholders (which shall be conclusively evidenced by an opinion of counsel delivered to the Trustee, the Issuer and the Credit Facility Provider or by a written confirmation from the Rating Agency of the then existing rating on the Bonds delivered to the Trustee, the Issuer and the Credit Facility Provider), or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

Section 8.06. Opinion of Bond Counsel Required. No supplement or amendment to the Financing Agreement or this Indenture, as described in this Article VIII shall be effective until the Issuer, the Trustee and the Credit Facility Provider shall have received an opinion of Bond Counsel to the effect that such supplement or amendment is authorized or permitted by this Indenture and, upon execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms, and will not cause the interest on the Bonds to be includible in gross income of the Owners thereof for federal income tax purposes. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed supplemental indenture or amendment permitted by this Article VIII complies with the provisions of this Indenture, (ii) it is proper for the Trustee to join in the execution of that supplemental indenture or amendment under the provisions of this Article VIII, and (iii) if applicable, any such proposed supplemental indenture or amendment is not materially adverse to the interests of the Bondholders.

ARTICLE IX

SATISFACTION AND DISCHARGE OF INDENTURE

Section 9.01. Discharge of Lien. If the Issuer shall pay or cause to be paid to the Owners of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by (i) the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in Section 9.04 hereof) to pay the principal, redemption price or Purchase Price and interest to the date established for purchase or redemption (calculated at the Maximum Rate to the extent the Bonds then bear interest at a Variable Rate for any period for which the Variable Rate on such Bonds has not yet been established pursuant to Section 2.02 hereof) whether by redemption, purchase or otherwise, (ii) if the Bonds then bear interest at the Variable Rate, the delivery to the Trustee of a written confirmation by the Rating Agency of the rating then existing on the Bonds as of the date of such deposit or credit; and (iii) receipt by the Issuer and the Trustee of an Opinion of Bond Counsel to the effect that such deposit does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and shall have paid all amounts due and owing to the Credit Facility Provider hereunder and under the Credit Facility and the Reimbursement Agreement, including but not limited to the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee, and shall have paid all fees and expenses of, and other amounts owing to, the Trustee, the Servicer, the Tender Agent, the Remarketing Agent and each Paying Agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any interest in property at the time subject to the lien of this Indenture which may then be in its possession, except amounts held by the Trustee for the payment of the principal of, interest and premium, if any, on the Bonds, the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof or the payment of any amounts payable to the Credit Facility Provider.

Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if, under circumstances which do not cause the interest on the Bonds to become

includible in the Owners' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to Section 9.04 hereof, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or maturity date thereof, as the case may be; (c) in the case of Bonds which do not mature or will not be redeemed within 60 days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid; and (d) the Trustee shall have received an opinion of nationally recognized bankruptcy counsel, if required by subpart (e) of the definition of "Eligible Funds" herein, to the effect that such money constitutes Eligible Funds.

The Trustee shall in no event cause the Bonds to be optionally redeemed from money deposited pursuant to this Article IX unless the requirements of Article III hereof have been met with respect to such redemption, including the requirements of Section 3.01(a)(iii) and (iv) of this Indenture.

Section 9.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 hereof) to pay or redeem Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, terminate and be completely discharged, except only that thereafter the Owners thereof shall be entitled to payment by the Issuer, and the Issuer shall remain liable for such payment, but only out of the money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.03 of this Indenture. If Outstanding Bonds bear interest at a Reset Rate upon a deposit sufficient to discharge the liability thereon pursuant to this Section 9.02, such Bonds must be redeemed on or before the last day of the current Reset Period.

Section 9.03. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture and except as may be require by [recite applicable State law], any money deposited with the Trustee or any paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds remaining unclaimed for [five (5)] years after the principal of all the outstanding Bonds, or any interest thereon, has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Issuer, and the Owners of such Bonds shall thereafter be entitled to look only to the Issuer for payment thereof, and only to the extent of the amount so paid to the Issuer, and all liability of the Trustee or any paying agent with respect to such money shall thereupon cease. In the event of the payment of any such money to the Issuer as aforesaid, the Owners of the Bonds in respect of which such money were deposited shall thereafter be deemed to be unsecured creditors of the Issuer for amounts equivalent to the respective amounts so paid to the

Issuer and deposited for the payment of such Bonds (without interest to such Owners thereon). In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. All moneys held by the Trustee and subject to this Section shall be held uninvested and without liability for interest thereon. Before making any payment under this Section, the Trustee shall be entitled to receive at the Borrower's expense an opinion of counsel to the effect that said payment is permitted under applicable law.

Section 9.04. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or credited to the account of or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall be Eligible Funds (or Government Obligations purchased with Eligible Funds) constituting:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any; or

(b) noncallable and nonprepayable direct obligations of the United States of America or noncallable and nonprepayable obligations which as to principal and interest constitute full faith and credit obligations of the United States of America, in such amounts and maturing at such times that the proceeds of said obligations received upon their respective maturities and interest payment dates, without further reinvestment, will provide funds sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay the principal, premium, if any, and interest to maturity, or to the redemption date, as the case may be, with respect to all of the Bonds to be paid or redeemed, as such principal, premium and interest become due; *provided,* that the Trustee shall have been irrevocably instructed by the Issuer to apply the proceeds of said obligations to the payment of said principal, premium, if any, and interest with respect to such Bonds.

ARTICLE X

REMARKETING AND PURCHASE OF BONDS

Section 10.01. Demand for and Mandatory Purchase of Bonds. Any Bonds (other than Purchased Bonds), or any units of principal amount thereof in Authorized Denominations, shall be purchased from the proceeds of remarketing thereof as described in Section 10.03 or from the sources prescribed in Section 10.04 hereof, (a) on demand of the owner of such Bond (or, so long

as Bonds are in "book-entry only" form pursuant to Section 2.12 hereof, demand of a DTC Participant, as defined in Section 2.12 hereof, with respect to such Bonds) on any Business Day during a Variable Period which is an Optional Tender Date (as defined below), or (b) upon being tendered or deemed tendered pursuant to Section 2.13 or Section 10.02 hereof, on any Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date and any Substitution Date (even if such Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date for which notice has been given by the Trustee to the Bondholders fails to occur). Bonds shall be purchased for a Purchase Price equal to the principal amount thereof, or of any units thereof purchased in Authorized Denominations, plus interest accrued thereon, if any, to the Settlement Date. Bonds shall be purchased upon (i) in the case of a purchase upon the demand of an owner or DTC Participant, delivery to the Tender Agent, with a copy to the Trustee and the Remarketing Agent, of a written notice in the form set forth as *Exhibit B* attached hereto and made a part hereof (a *"Tender Notice"*) which states (A) the principal amount of such Bond for which payment is demanded, (B) that such demand is irrevocable, and (C) the date on which such Bond or units of principal amount thereof in Authorized Denominations shall be purchased pursuant to this Section 10.01, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of the receipt of the Tender Notice by the Tender Agent (an *"Optional Tender Date"*); and (ii) in all cases, delivery of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent) to the Tender Agent, at or prior to 9.30 a.m., Washington, D.C. time, on the Settlement Date. In the event that a depository is appointed pursuant to Section 2.12 hereof and a "book-entry only" system is in effect with respect to the Bonds, delivery of Bonds for purchase on the Settlement Date shall be effected in the manner set forth by such depository.

Bonds not delivered to the Tender Agent on or prior to 9:30 a.m., Washington, D.C. time, on the Settlement Date shall be deemed tendered and purchased for all purposes of this Indenture, and interest shall cease to accrue on such Bonds on the related Settlement Date.

Payment of the Purchase Price of any Bond shall be made on the Settlement Date by check or by wire transfer (if requested in writing by the Bondholder) or as designated in the Tender Notice with respect to such Bond, but only upon delivery and surrender of such Bond to the Tender Agent.

If the Trustee shall have received the items required by Section 2.02 or Section 2.13 hereof, as the case may be, the Trustee shall (a) not later than the fifteenth (15th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or Substitution Date (or, if such day is not a Business Day, then on the next succeeding Business Day), notify the Tender Agent by telephone, promptly confirmed in writing, with a copy to the Remarketing Agent, and (b) not later than the ninth (9th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date, notify the Bondholders by first class mail, that all Outstanding Bonds (other than Purchased Bonds) shall be subject to mandatory tender, and if not so tendered, shall be deemed to have been tendered for purchase on each such Reset Adjustment Date as provided in Section 2.02(c) hereof, Variable Rate Adjustment Date as provided in Section 2.02(b) hereof, Fixed Rate Adjustment Date as provided in Section 2.02(d) hereof or the Substitution Date as provided in Section 2.13

hereof, at the Purchase Price. Such notices from the Trustee shall be treated as a Tender Notice for all purposes of this Indenture, including this Section and Article X of this Indenture.

If all of the Bonds shall have been called for redemption during any Variable Period, the Bonds may continue to be remarketed until the redemption date, provided the purchasers of such Bonds are given notice of the call for redemption prior to purchase of any Bonds.

Anything herein to the contrary notwithstanding, no Bonds shall be purchased pursuant to this Section or remarketed pursuant to Section 10.03 hereof if an Event of Default hereunder (other than an Event of Default under Section 6.01(c) hereof) shall have occurred and be continuing, and would not be cured as a result of such tender and remarketing of the Bonds or following a declaration of acceleration of the Bonds; nor shall any Bond be purchased pursuant to this Section if such Bond is registered in the name of the Issuer, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any general partner, member or guarantor of the Borrower or any nominee of the Issuer, the Borrower, the Credit Facility Provider, or any such general partner, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to such Bonds after such purchase.

Section 10.02. Mandatory Tender of Bonds. (a) The Owners of Bonds shall be required to tender their Bonds to the Tender Agent on:

(i) any Reset Adjustment Date, Variable Rate Adjustment Date, or the Fixed Rate Adjustment Date in accordance with the provisions of Section 2.02 hereof; and

(ii) any Substitution Date in accordance with and subject to the provisions of Section 2.13 of this Indenture.

(b) Any Bond required to be tendered on a Reset Adjustment Date, a Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or a Substitution Date which is not tendered as of such date shall be deemed to have been tendered to the Tender Agent on such date and shall thereafter cease to bear interest and no longer be considered to be Outstanding under this Indenture.

Section 10.03. Remarketing of Bonds. Upon the receipt by the Remarketing Agent of any notice from the Tender Agent that any Bondholder (or DTC Participant, with respect to any Bonds in "book-entry only" form) has delivered a Tender Notice pursuant to Section 10.01 hereof, or upon receipt of any notice from the Trustee of Bonds deemed to have been tendered in accordance with the provisions of Section 2.02(c), Section 2.02(d) or Section 2.13 hereof, the Remarketing Agent shall offer for sale and use its best efforts to market the Bonds referred to in such Tender Notice or such notice from the Trustee (which shall be deemed to be a Tender Notice as provided in Section 10.01 hereof) at a price of par plus accrued interest to the Settlement Date, in accordance with the Remarketing Agreement; *provided, however,* that the Remarketing Agent shall not knowingly offer for sale or sell such Bonds to the Issuer, the Borrower or any general partner, member or any guarantor of the Borrower. The Remarketing Agent has no obligation to remarket Bonds registered in the name of the Borrower, the Credit

Facility Provider or any general partner, member or guarantor of the Borrower unless the Credit Facility shall be in full force and effect after such remarketing. On the Business Day immediately prior to each Settlement Date (each, a *"Remarketing Date"*), the Remarketing Agent shall give telephonic notice, promptly confirmed in writing and transmitted by facsimile, to the Trustee, the Tender Agent, the Borrower and the Credit Facility Provider by 11:00 a.m., Washington, D.C. time, stating whether all tendered Bonds have been remarketed successfully, specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers as of such Remarketing Date, and the Purchase Price at which the Bonds are to be sold (which shall be par plus accrued interest to the Settlement Date). The Remarketing Agent shall deliver to the Tender Agent, no later than 9:30 a.m., Washington, D.C. time, on the Settlement Date, in immediately available funds, the remarketing proceeds to the extent the Bonds have been successfully remarketed. Upon receipt by the Tender Agent of such amount from the Remarketing Agent, the Tender Agent, as co-authenticating agent, shall transfer the registered ownership of the Bonds to the respective new purchasers and deliver such Bonds to such purchasers upon deposit of the Purchase Price with the Tender Agent. The Tender Agent shall hold all Bonds delivered to it in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until money representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders. The Tender Agent shall remit the Purchase Price of such Bonds to the tendering Bondholder or Bondholders entitled to the same as provided in Section 10.01 of this Indenture. In the event that the Remarketing Agent or any purchaser which shall have been identified by the Remarketing Agent to the Trustee and the Tender Agent shall fail to pay the Purchase Price for any Bonds prior to 10:00 a.m., Washington, D.C. time, on the Settlement Date, the Tender Agent shall not be obligated to accept such amount after such time. The Tender Agent will immediately notify by telephone the Trustee, the Credit Facility Provider, the Borrower and the Remarketing Agent of any such failure to receive the Purchase Price for such Bonds. On the Settlement Date, the Tender Agent shall notify by telephone the Trustee, the Credit Facility Provider, the Borrower and the Remarketing Agent of the amount of funds held by the Tender Agent as of 10:00 a.m., Washington, D.C. time, on such date constituting the Purchase Price of the Bonds remarketed by the Remarketing Agent, promptly confirmed in writing and transmitted by facsimile. The Tender Agent shall hold all money delivered to it for the purchase of Bonds (including any remarketing proceeds or proceeds of draws on the Credit Facility) in trust in a non-commingled account to be known as the "Bond Purchase Fund" for the benefit of the Person or entity which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such Person. Such money shall be held uninvested, except as directed in writing by the Credit Facility Provider, and then only in Qualified Investments of the type described in clauses (a) and (b) of the definition thereof. The Issuer and the Borrower shall not have any right, title or interest in such money.

Except with respect to Bonds to be held under the terms of the Pledge Agreement and any Bonds purchased in lieu of redemption or acceleration pursuant to the provisions hereof, the Issuer, the Borrower or any general partner, member or any guarantor of the Borrower may not purchase any Bonds, from the Remarketing Agent or otherwise.

Section 10.04. Purchase of Bonds Not Remarketed. In the event that either the Tender Agent shall not have received notice of successful remarketing of tendered Bonds by the day which is one (1) Business Day prior to the Settlement Date, or the proceeds of remarketing of any tendered Bond have not been received by the Tender Agent on or prior to 10:00 a.m., Washington, D.C. time on the Settlement Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility (not the Alternate Credit Facility on a Substitution Date) in an amount sufficient to enable the Tender Agent to pay the Purchase Price of each such Bond when due. On each Settlement Date, the Trustee shall pay or cause to be paid to the Tender Agent the Purchase Price of any Bonds tendered pursuant to, and in accordance with, Section 10.01 or Section 10.02 hereof and which have not been remarketed pursuant to Section 10.03 hereof, but only from (i) money obtained by the Trustee pursuant to the Credit Facility then in effect to enable the Trustee to pay the Purchase Price of such tendered Bonds, which amounts shall be transferred by the Trustee to the Tender Agent at or before 3:00 p.m., Washington, D.C. time, on the Settlement Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to clause (i) above are insufficient on any date to pay the Purchase Price of tendered Bonds.

Upon receipt of such Purchase Price and upon receipt of the Bonds tendered for purchase pursuant to Section 10.01 or Section 10.02 hereof, the Tender Agent shall pay such Purchase Price to the registered Owners thereof; *provided,* that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Tender Agent shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase Bonds shall be used solely for such purpose. Any Bonds so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Pledge Agreement. Amounts drawn under the Credit Facility which are not used to purchase Bonds pursuant to this Section 10.04 shall be remitted by the Trustee or the Tender Agent to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bonds.

Section 10.05. Remarketing Agent. The Issuer, with the approval of the Credit Facility Provider and the Borrower (which approval shall not be unreasonably withheld or delayed), shall appoint a Remarketing Agent for the Bonds, subject to the conditions set forth in Section 10.05 of this Indenture. The Remarketing Agent initially appointed hereunder is Banc of America Securities, LLC. The Remarketing Agent shall designate to the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by the execution of the Remarketing Agreement. The Remarketing Agent shall, and shall agree in the Remarketing Agreement to, do each of the following:

(a) act as agent for the Issuer in determining the interest rates to be borne by the Bonds and act as agent for Bondholders in receiving and holding money to pay the Purchase Price thereof;

(b) use its best efforts to remarket bonds tendered for purchase (including Purchased Bonds), except in the circumstances described in the last paragraph of Section 10.01 hereof and in the Remarketing Agreement;

(c) notify the Issuer, the Trustee, the Credit Facility Provider, the Servicer, the Borrower and the Tender Agent of the Variable Rate determined in accordance with Section 2.02(b) hereof, the Reset Rate determined in accordance with Section 2.02(c) hereof and the Fixed Rate determined in accordance with Section 2.02(d) hereof, on the Variable Interest Computation Date or other date required for such determination, each such notification to be in writing or by telex or telecopier or other communication device which produces a written record thereof, or by telephone confirmed within one Business Day by any such written communication; and upon request by the Issuer, submit copies of any such notices to the Issuer;

(d) hold all money delivered to it hereunder for the purchase of Bonds in trust for the benefit of the Person which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to the Tender Agent, and not commingle such money with other funds of the Remarketing Agent;

(e) keep such books and records with regard to the remarketing of the Bonds as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer, the Trustee, the Borrower and the Credit Facility Provider at all reasonable times;

(f) perform the duties of the Remarketing Agent and comply with the provisions set forth in Article X hereof; and

(g) notify the Tender Agent, the Trustee, the Borrower and the Credit Facility Provider of the status of the remarketing of tendered Bonds one (1) Business Day prior to the Settlement Date and if remarketing proceeds for all tendered Bonds have not been received by the Remarketing Agent by 10:00 a.m., Washington, D.C. time, on the Settlement Date.

Section 10.06. Qualifications and Resignation or Removal of Remarketing Agent. (a) The initial and any successor Remarketing Agent shall be a commercial bank or trust company or a member of the National Association of Securities Dealers, Inc., and authorized by law to perform all the duties imposed upon it by this Indenture and the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' written notice to the Issuer, the Borrower, the Credit Facility Provider, the Trustee and the Tender Agent, but any such resignation shall not be effective until a successor is appointed, and has accepted such appointment. The Borrower shall, promptly upon receipt of any notice of resignation by the Remarketing Agent, use its best efforts to cause the appointment of a successor Remarketing Agent within such sixty (60) day period.

(c) The Remarketing Agent may be removed at any time (i) by the Issuer with the written consent of the Credit Facility Provider (which consent shall not be unreasonably withheld, conditioned or delayed), (ii) by direction of the Issuer at the written request of the Credit Facility Provider (which direction shall not be unreasonably withheld, conditioned or

delayed), or (iii) by direction of the Issuer at the request of the Borrower with the consent of the Credit Facility Provider (which direction and consent shall not be unreasonably withheld, conditioned or delayed), in each case by an instrument signed by the Issuer and filed with the Remarketing Agent, the Issuer, the Borrower, the Credit Facility Provider, the Trustee and the Tender Agent (A) if the Remarketing Agent suspends its remarketing efforts, or (B) without cause, upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Issuer with the written consent of the Credit Facility Provider (unless the Credit Facility Provider shall have failed to honor a properly presented and conforming draw under the Credit Facility) (which consent shall not be unreasonably withheld, conditioned or delayed) and the written consent of the Borrower. No removal of the Remarketing Agent shall be effective until a successor is appointed and has accepted such appointment.

(d) In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any money held by it in such capacity to its successor.

Section 10.07. Tender Agent. The Trustee, with the written consent of the Credit Facility Provider, shall appoint the Tender Agent for the Bonds, subject to the conditions set forth in Section 10.08 of this Indenture. The Trustee shall initially serve as the Tender Agent. The Tender Agent shall designate to the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Trustee and the Remarketing Agent under which the Tender Agent acknowledges its qualifications and authority to act as Tender Agent under this Indenture and agrees, particularly, as follows:

(1) The Tender Agent shall, upon receipt of a Tender Notice from any Bondholder (or DTC Participant, with respect to a Bond in "book-entry only" form), give prompt telephonic notice thereof to the Trustee and the Remarketing Agent, specifying the amount of Bonds to be purchased and the Settlement Date, and shall, not later than the following Business Day, confirm such telephonic notice in writing and deliver to the Remarketing Agent, the Trustee and the Credit Facility Provider a copy of such Tender Notice.

(2) On each Settlement Date, the Tender Agent shall give the Remarketing Agent, the Credit Facility Provider and the Trustee telephonic notice, confirmed in writing by the following Business Day, of the principal amount of Bonds delivered pursuant to Section 10.01 of this Indenture.

(3) The Tender Agent shall hold all Bonds delivered to it pursuant to Section 10.01 hereof in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until such Bonds are required by this Indenture to be delivered to the respective purchasers thereof.

(4) The Tender Agent shall cancel all Bonds for which it has received written notice of remarketing from the Remarketing Agent, and shall authenticate new Bonds in a

like aggregate principal amount in the names and in the denominations set forth in the written notice given to the Tender Agent by the Remarketing Agent pursuant to Section 10.03 of this Indenture.

(5) The Tender Agent shall deliver Bonds to the purchasers thereof in accordance with Section 10.04 of this Indenture. The Tender Agent shall establish the Bond Purchase Fund as provided in Section 10.03 of this Indenture. The Tender Agent shall remit the Purchase Price of tendered Bonds to the tendering Bondholders in accordance with Section 10.03 of this Indenture.

(6) The Tender Agent shall deliver to the Trustee all tendered Bonds canceled.

(7) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Issuer, the Trustee and the Credit Facility Provider at all reasonable times.

(8) The Tender Agent shall send to the Trustee a copy of its transfer journal evidencing all changes in registration of the Bonds within two (2) days of making such changes.

The Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have not been remarketed pursuant to Section 10.03 hereof, but solely from the sources listed in Section 10.04 hereof; and the Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have been remarketed pursuant to Section 10.03 hereof, but solely from amounts received from the Remarketing Agent.

Section 10.08. Qualifications of Tender Agent. The Tender Agent shall be a commercial bank with trust powers or trust company with a principal office, or with an affiliate with an office, in New York, New York, having a capitalization of at least $10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture; provided that, in any event, the Trustee may serve as the Tender Agent so long as the Bonds are in "book-entry-only" form. The Tender Agent shall be an affiliate of the Trustee (unless the Tender Agent is the Trustee), unless the Trustee has no affiliate meeting the requirements of the first sentence of this Section, in which case the selection of the Tender Agent shall be an entity appointed by the Trustee with the written consent of the Credit Facility Provider, the Issuer and the Borrower.

The Tender Agent may at any time resign and be discharged by giving at least sixty (60) days' written notice to the Trustee, the Issuer, the Borrower and the Credit Facility Provider. The Tender Agent may be removed at any time, with the written consent of the Credit Facility Provider, by an instrument signed by the Trustee and filed with the Tender Agent, the Remarketing Agent and the Issuer.

In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity, and shall deliver all books and records relating thereto, to its successor or, if there be no successor, to the Trustee.

In the event that the Trustee shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Trustee shall not have appointed its successor as Tender Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 10.08, shall be deemed to be the Tender Agent for all purposes of this Indenture until the appointment by the Trustee of the Tender Agent or a successor Tender Agent, as the case may be, notwithstanding the fact that the Trustee may not meet the qualifications set forth in the first paragraph of this Section 10.08.

Insofar as such provisions may be applicable, the Tender Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Sections 7.01 and 7.02 hereof with respect to the Trustee. The Tender Agent shall perform such duties, and only such duties, as are specifically set forth in this Indenture and the Financing Agreement, and no implied covenants shall be read into this Indenture or the Financing Agreement against the Tender Agent.

Section 10.09. Dealing in Bonds. The Credit Facility Provider, the Trustee, the Tender Agent or the Remarketing Agent, in its individual capacity, may each in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity under this Indenture. The Trustee, the Tender Agent, the Credit Facility Provider or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Credit Facility Provider, and may act as depository, trustee or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity under this Indenture. It is expressly understood that the Trustee and the Tender Agent in carrying out their respective duties hereunder shall each be acting as a conduit with respect to deliveries of Bonds for purchase pursuant to Section 10.01 of this Indenture.

Section 10.10. Purchased Bonds.

(a) *Unremarketed Bonds as Purchased Bonds; No Credit Facility Support.* Bonds for which the Purchase Price is funded with money provided under the Credit Facility and which are not remarketed in accordance with the Remarketing Agreement shall be deemed to be Purchased Bonds. The Credit Facility shall not constitute security for or provide liquidity for Purchased Bonds.

(b) *Ownership and Pledge of Purchased Bonds.* Purchased Bonds shall be owned by the Borrower and pledged to the Custodian under the Pledge Agreement for the benefit of the Credit Facility Provider pursuant to the Pledge Agreement. As set forth in the Pledge Agreement, the Tender Agent shall either (i) ensure that Purchased Bonds are delivered to the

Custodian in registered certificate form under the Pledge Agreement, or (ii) if, and only if, delivery of the Bonds is not possible, deliver a written entitlement order to the applicable financial intermediaries on whose records ownership of the Purchased Bonds is reflected directing the intermediaries to credit the security entitlement to the Purchased Bonds to the account of the Custodian for the benefit of the Credit Facility Provider and deliver to the Custodian a written confirmation of such credit, whether or not the Borrower notifies the Remarketing Agent to do so.

(c) *Payment Failure Not a Default*. Failure to pay the interest on Purchased Bonds when due or failure to pay the principal of and interest on Purchased Bonds upon any date fixed for redemption, Settlement Date or the Maturity Date shall not constitute an Event of Default. Upon the Maturity Date, any redemption date or date of acceleration, all Purchased Bonds shall be deemed canceled. Purchased Bonds shall also be canceled upon direction of the Credit Facility Provider.

(d) *Remarketing of Purchased Bonds*. At such time as Purchased Bonds are remarketed by the Remarketing Agent (i) the Trustee or the Tender Agent, as appropriate, shall remit the proceeds of the remarketing to the Credit Facility Provider to reimburse the Credit Facility Provider for unreimbursed amounts paid under the Credit Facility to purchase the Bonds, (ii) the Trustee or the Tender Agent, as appropriate, upon receipt of notice from the Credit Facility Provider that it has received reimbursement for the amount provided under the Credit Facility (or notice from the Tender Agent that the Tender Agent has received funds that it will immediately remit to the Credit Facility Provider) and that the Credit Facility has been reinstated in accordance with its terms, the Custodian shall release all remarketed Purchased Bonds in accordance with the Pledge Agreement, and (iii) the Trustee or the Tender Agent shall give written notice to the Remarketing Agent, the Borrower and the Credit Facility Provider that such Bonds are no longer Purchased Bonds.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Consents and Other Instruments of Bondholders. Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Indenture to be signed and executed by the Bondholders may be signed and executed in any number of concurrent writings of similar tenor, and may be signed or executed by such Bondholders in Person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

(a) the fact and date of the execution by any Person of any such instrument may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such instrument acknowledged the execution thereof. Where such execution is by an officer of a

corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such affidavit or certificate shall also constitute sufficient proof of such authority;

(b) the ownership of registered Bonds shall be proved by the Bond Register; and

(c) any request, consent or vote of the Owner of any Bond shall bind every future Holder of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or permitted to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

Section 11.02. Servicing the Bond Mortgage Loan. There shall be engaged at all times that Freddie Mac is the Credit Facility Provider an eligible servicing institution designated by Freddie Mac as the Servicer (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan) to service the Bond Mortgage Loan pursuant to the Guide.

Section 11.03. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the Parties hereto, the Credit Facility Provider, the Servicer, the Borrower and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions of this Indenture.

Section 11.04. Construction of Conflicts; Severability. Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Bonds, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Bond Mortgage Loan Documents, then the Bond Mortgage Loan Documents shall be controlling in all respects. If any provision of this Indenture shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever; *provided, however,* that no such invalidity or unenforceability shall require the Issuer to make any payments from revenues other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Financing Agreement (except such proceeds as may be derived by the Issuer pursuant to its Unassigned Rights, as defined in the Indenture) or impose any personal liability on any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part of this Indenture.

Section 11.05. Notices. (a) Any provision of this Indenture relating to the mailing of notice or other communication to Bondholders shall be deemed fully complied with if such notice or other communication is mailed, by first class mail, postage prepaid, to each registered Owner of any Bonds then Outstanding at the address of such registered Owner as it appears on the Bond Register. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(b) Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Remarketing Agent, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below. The Issuer, the Trustee, the Credit Facility Provider, the Remarketing Agent, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Issuer:	The County of Lake, Illinois 18 North County Street Waukegan, Illinois 60085 Attention: County Clerk Telephone: (847) 377-2400 Facsimile: (847) 360-3608
with a copy to:	Lake County Partners 28055 Ashley Circle Suite 212 Libertyville, Illinois 60048 Attention: President Telephone: (847) 247-0137 Facsimile: (847) 247-0243
The Trustee:	The Bank of New York Mellon Trust Company, N.A. Two North LaSalle Street Chicago, Illinois 60602 Attention: Corporate Trust Department Telephone: Facsimile:

The Borrower:	Whispering Oaks Associates, L.P. c/o ATWO Development 1755 East Martin Luther King, Jr. Blvd. Los Angeles, CA 90058 Attention: Tim English Telephone: (323) 231-4174 Facsimile: (323) 234-3072
with a copy to:	Resch, Polster & Berger, LLP 9200 Sunset Blvd., 9th Floor Los Angeles, CA 90069 Attention: Jeffrey A. Rabin Telephone: (310) 277-8300 Facsimile: (310) 552-3209
Credit Facility Provider:	Federal Home Loan Mortgage Corporation 8100 Jones Branch Drive Mail Stop B4Q McLean, Virginia 22102 Attention: Director of Multifamily Loan Accounting Telephone: (703) 903-2000 Facsimile: (703) 714-3273
with a copy to:	Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive McLean, Virginia 22102 Attention: Associate General Counsel – Multifamily Legal Department Telephone: (703) 903-2000 Facsimile: (703) 903-2885
with a copy to:	Federal Home Loan Mortgage Corporation 8100 Jones Branch Drive Mail Stop B4F McLean, Virginia 22102 Attention: Director of Multifamily Loan Servicing Telephone: (703) 903-2000 Facsimile: (703) 714-3003
The Servicer:	Prudential Affordable Mortgage Corporation 8401 Greensboro Drive, Suite 200 McLean, Virginia 22102 Attention: Loan Servicing (Whispering Oaks Apartments) Telephone: Facsimile:

The Remarketing Agent:	Banc of America Securities LLC 600 Montgomery Street San Francisco, California 94111 Attention: Telephone: Facsimile:
The Tender Agent:	The Bank of New York Mellon Trust Company, N.A. Two North LaSalle Street Chicago, Illinois 60602 Attention: Corporate Trust Department Telephone: Facsimile:
Rating Agency:	Standard & Poor's Rating Services 55 Water Street, 38th Floor New York, NY 10041 Attention: Public Finance Surveillance Group Telephone: (212) 438-2054 Telecopier: (212) 438-2157

A duplicate copy of each notice or other communication given hereunder by any party to: the Servicer shall also be given to Freddie Mac; and Freddie Mac shall also be given to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture; *provided, however,* that subsequent to such facsimile transmission of written instructions, the originally executed instructions and/or directions shall be provided to the Trustee in a timely manner.

(c) The Trustee shall provide to the Credit Facility Provider (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof, and (ii) any written information or other communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such information or other communication. The Trustee shall provide to the Rating Agency any information requested by the Rating Agency needed to maintain the rating on the Bonds.

(d) The Trustee shall provide to the Rating Agency notice of (i) any change in Trustee, Tender Agent or Remarketing Agent hereunder, (ii) any material amendment to any of the Bond Financing Documents, (iii) any substitution, termination, expiration or extension of the Credit Facility, (iv) any change of the interest rate on the Bonds to a Reset Rate or Fixed Rate, and (v) any acceleration or redemption in whole or defeasance of the Bonds.

Section 11.06. Credit Facility Provider. Following the release of the Credit Enhancement Agreement by the Trustee pursuant to the terms of this Indenture and the provision of an

Alternate Credit Facility, all notices to be provided Freddie Mac and/or the Servicer hereunder shall be provided to the Alternate Credit Facility Provider, and payments to be made to Freddie Mac or the Servicer from the Administration Fund shall be paid to the Alternate Credit Facility Provider.

Section 11.07. Trustee as Paying Agent and Bond Registrar. The Trustee is hereby designated and agrees to act as Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 11.08. Payments Due on Non-Business Days. In any case where a date of payment with respect to any Bonds shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date providing that payment is made on such next succeeding Business Day.

Section 11.09. Counterparts. This Indenture 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.

Section 11.10. Laws Governing Indenture and Administration of Trust. The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State without regard to conflicts of laws principles.

Section 11.11. No Personal Liability; No Recourse. No past, present or future director, member, elected or appointed officer, agent, employee, official or attorney of the Issuer, including any person executing this Indenture or the Bonds, will be liable personally on the Bonds or for any reason relating to the issuance of the Bonds. No recourse will be had for the payment of the principal of or the interest on the Bonds, or for any claim based on such Bonds, or otherwise in respect of such Bonds, or based on or in respect of this Indenture or any indenture supplemental to this Indenture, against any past, present or future director, member, elected or appointed officer, employee, official, attorney or agent, as such, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Indenture and as part of the consideration for the issue of the Bonds, expressly waived and released.

No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Indenture and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, the Bond Mortgage Loan or the Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way except out of payments to be made by the Borrower under the Financing Agreement, other than payments to be made by the Borrower pursuant to the Unassigned Rights. No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. Nothing herein shall preclude a proper party in interest

from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant, obligation or agreement herein; *provided,* that no costs, expenses or other monetary relief shall be recoverable from the Issuer, except as may be payable by the Borrower. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State or any political subdivision thereof to pay the Bonds or the premium, if any, or interest thereon. The Bonds shall not constitute an indebtedness of the Issuer, the State or any political subdivision thereof within the meaning of any constitutional or statutory provision.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Borrower upon request of the Issuer; and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

All covenants, stipulations, representations, promises, agreements and obligations of the Issuer contained in this Indenture or in any of the Bonds or in any other document executed in connection herewith or therewith shall be deemed to be the limited covenants, stipulations, representations, promises, agreements and obligations of the Issuer, and not of any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer in his or her individual capacity. No recourse shall be had against any such individual, either directly or through the Issuer or otherwise for the payment for or to the Issuer or any sum that may be due and unpaid by the Issuer, upon the Bonds or under any obligation, covenant, stipulation, promise or agreement contained herein, in the Bonds or in any other document executed in connection herewith or therewith and no recourse shall be had against any of such persons on account of the issuance and sale of the Bonds or on account of any representations made in connection therewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of any such person to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owner of any of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any of the documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition to and consideration for the issuance of the Bonds and the execution of this Indenture and related documents.

The Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof or of any related document until it shall have been requested to do so by the Borrower, the Trustee or the Credit Facility Provider and shall have received from the Borrower, the Trustee or the owners of the Bonds, assurance satisfactory to the Issuer that the Issuer will be

reimbursed for its expenses, including attorneys' fees and expenses, incurred or to be incurred in connection with the taking of such action or execution of such instrument.

Section 11.12. Successors and Assigns. All the covenants and representations contained in this Indenture by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

THE COUNTY OF LAKE, ILLINOIS

By _____
Name: Suzi Schmidt
Title: Chairman

Attest:

By:_____
Name:_____
Title: County Clerk

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Name: _____
Title: _____

EXHIBIT A

FORM OF BOND
UNITED STATES OF AMERICA
STATE OF ILLINOIS

$26,000,000
THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT)
SERIES 2008

NO. R-1 $26,000,000

NOTICE: Unless this Bond certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owners hereof, Cede & Co., has an interest in this Bond certificate.

INTEREST RATE: VARIABLE

MATURITY DATE: NOVEMBER 1, 2045

DATED DATE: NOVEMBER __, 2008

DELIVERY DATE: NOVEMBER __, 2008

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-SIX MILLION AND NO DOLLARS

The County of Lake, Illinois (together with its successors and assigns, the *"Issuer"*), a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois (the *"State"*), for value received, hereby promises (but solely from the sources and in the manner provided for in the hereinafter defined Indenture) to pay to the registered owner identified above, or registered assigns, on the Maturity Date set forth above, unless previously called for redemption, the Principal Amount set forth above, together with interest thereon at the rate provided in the Indenture (as hereinafter defined) from the Interest Payment Date next preceding the date of authentication of this Bond to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of this

Bond, or unless no interest has been paid or duly provided for on this Bond, in which case from the Delivery Date identified above, until the Principal Amount hereof shall have been fully paid, at the rate per annum provided in the Indenture, payable (a) during the Variable Period, on the first (1st) Business Day of each calendar month, commencing on December 1, 2008, (b) during a Reset Period or the Fixed Rate Period (defined below), on May 1 and November 1 of each year, commencing on the May 1 or November 1 immediately following the commencement of such period, (c) on each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date and Substitution Date, (d) the maturity date, and (e) the date of redemption of this Bond (each, an *"Interest Payment Date"*), calculated as provided in the Indenture. Notwithstanding the foregoing, if this Bond is authenticated after a Record Date and before the following Interest Payment Date, this Bond shall bear interest from such Interest Payment Date; *provided, however,* that if there shall be a default in the payment of interest due on such Interest Payment Date, then this Bond shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on this Bond, from the Delivery Date. Payment of the principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Payment of the principal of this Bond and premium, if any, will be made only upon presentation and surrender hereof at the Principal Office of the Trustee. Payment of the interest on this Bond will be made by check mailed to the Registered Owner of this Bond as such address shall appear on the registration books for the Bonds (i) during the Variable Period, on the Business Day immediately preceding an Interest Payment Date, and (ii) during a Reset Period or the Fixed Rate Period, on the 15th day of the month preceding each Interest Payment Date (a *"Record Date"*). Upon written request of a registered owner of at least $1,000,000 aggregate principal amount of the Bonds received by The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor trustee appointed in accordance with the terms of the Indenture, the *"Trustee"*), at least five (5) days prior to a Record Date, all payments of principal, premium, if any, and interest will be paid by wire transfer of immediately available funds to an account designated by such owner, less any reasonable wire transfer fees imposed by the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Trust Indenture dated as of November 1, 2008, by and between the Issuer and the Trustee (the *"Indenture"*). Capitalized terms used in this Bond, but not otherwise defined in this Bond, shall have the meanings assigned to such terms in the Indenture.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR THE FEDERAL HOME LOAN MORTGAGE CORPORATION (*"FREDDIE MAC"*), AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC, AND PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT (AS HEREINAFTER DEFINED) ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

THE BONDS, TOGETHER WITH THE INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE ISSUED UNDER THE ACT, AND CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, AND ARE AND SHALL ALWAYS BE A

VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND RECEIPTS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND PREMIUM, IF ANY, THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A PECUNIARY LIABILITY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PAST, PRESENT OR FUTURE DIRECTORS, MEMBERS, ELECTED OR APPOINTED OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS.

This Bond is one of a duly authorized issue of bonds of the Issuer known as its Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008, issued in the original aggregate principal amount of $26,000,000 (the *"Bonds"*) under and pursuant to the Constitution and the laws of the State, particularly 50 *Illinois Compiled Statutes 2006*, 445/1 *et seq*., as supplemented and amended (the *"Act"*), and a bond resolution adopted by the County Board of the Issuer on November 18, 2008. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefor pursuant to the Indenture. The Bonds are issued to provide funds to finance a portion of the cost of the acquisition, rehabilitation and equipping of a multifamily rental housing development known as Whispering Oaks Apartments located in Waukegan, Lake County, Illinois, and owned by Whispering Oaks Associates, L.P., an Illinois limited partnership (the *"Borrower"*).

The Bonds are issuable as fully registered bonds in Authorized Denominations of $100,000 or integral multiples of $5,000 in excess of $100,000 during any period that the Bonds bear interest at a rate determined weekly (the *"Variable Period"*), and $5,000 or integral multiples thereof during any period that the rate of interest on the Bonds is fixed for a period of five (5) years or more or such shorter period as may be consented to in writing by the Credit Facility Provider (a *"Reset Period"*) or fixed to the maturity date of the Bonds (the *"Fixed Rate Period"*). The Bonds will be initially issued in a Variable Rate mode.

To secure its obligation to make payments on the Bond Mortgage Note in accordance with its terms, the Borrower has caused to be delivered to the Trustee a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the *"Bond Mortgage"*), and a direct pay Credit Enhancement Agreement dated as of November 1, 2008 (the *"Credit Enhancement Agreement"*) between Freddie Mac and the Trustee. Under the Credit Enhancement Agreement, Freddie Mac has agreed to make advances to the Trustee (against proper draw requests made by the Trustee thereunder) in the amounts necessary to pay principal

of and interest due under the Bond Mortgage Loan and to pay the Purchase Price of the Bonds during any period the Bonds bear interest at the Variable Rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase (other than Purchased Bonds).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the Trust Estate under the Indenture, the nature and extent of the security, the terms and conditions upon which the Bonds are issued and secured and the rights of the owners thereof, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. This Bond is equally and ratably secured under the Indenture with all other Bonds issued thereunder.

Variable Interest Accrual Period. From the Delivery Date of the Bonds to, but excluding, the earlier of (a) the date of adjustment to a Reset Rate (a *"Reset Adjustment Date"*) or the Fixed Rate (a *"Fixed Rate Adjustment Date"*) or (b) the maturity date, this Bond shall bear interest at the Variable Rate determined weekly on the Variable Interest Computation Date by the Remarketing Agent, as provided in the Indenture, for each Variable Interest Accrual Period, *provided,* that in no event shall such rate exceed the Maximum Rate of interest which may be charged pursuant to the terms of the Indenture. The Variable Interest Computation Date shall be Wednesday of each week during the Variable Period or, if any such Wednesday is not a Business Day, then the next day which is a Business Day. Interest on the Bonds during the Variable Period shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Bonds purchased with proceeds made available under the Credit Facility shall bear interest at the rate established pursuant to the Reimbursement Agreement.

Reset Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Reset Rate, which shall be determined by the Remarketing Agent as provided in the Indenture. During the Reset Period, the Bonds shall bear interest at the Reset Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Reset Adjustment Date) to and including the next succeeding Reset Adjustment Date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. At the conclusion of a Reset Period, the Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Variable Rate, a new Reset Date or a Fixed Rate, which shall be determined and redetermined by the Remarketing Agent as provided in the Indenture.

Fixed Rate Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Fixed Rate, which shall be determined by the Remarketing Agent as provided in the Indenture. During the Fixed Rate Period, the Bonds shall bear interest at the Fixed Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Fixed Rate Adjustment Date) to and including the maturity of the Bonds. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption. The Bonds are subject to optional and mandatory redemption or purchase in lieu of redemption in accordance with the provisions of the Indenture.

Purchase in Lieu of Redemption. At any time that Bonds are subject to redemption in whole pursuant to the Indenture the Trustee may purchase such Bonds for the account of the Borrower or the Credit Facility Provider. The Purchase Price of such Bonds, excluding accrued interest, shall not exceed the applicable redemption price of the Bonds that would otherwise have been redeemed.

Purchase of Bonds at Option of Registered Owner. During the Variable Period, this Bond shall be purchased by the Trustee, as Tender Agent (the *"Tender Agent"*), on behalf of and as agent for the owner of this Bond, on the demand of the beneficial owner the Bond, on any Business Day (following notice) at a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the date of purchase upon delivery to the Tender Agent, at its Principal Office specified in the Indenture, of a notice as required by the Indenture (a *"Tender Notice"*). The date stated in the Tender Notice on which such Bond shall be purchased shall be a Business Day not prior to the seventh day next succeeding the date of delivery of such notice to the Tender Agent.

Mandatory Tender on Certain Dates. The registered owners of the Bonds shall be required to tender their Bonds to the Tender Agent for purchase by the Trustee on behalf of and as agent for the owner of the Bonds for a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the applicable Settlement Date on each Reset Adjustment Date, each Variable Rate Adjustment Date, the Fixed Rate Adjustment Date, and on the date of any substitution of any Alternate Credit Facility pursuant to the Indenture. Bonds shall be subject to mandatory tender and purchase on any date specified by the Trustee following a default under the Bond Mortgage Loan or the Reimbursement Agreement and receipt by the Trustee of notice from the Credit Facility Provider that the Bonds are to be tendered for purchase on the Settlement Date selected by the Credit Facility Provider. Bondholders may not elect to retain their Bonds in any such event (even if such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or any Substitution Date fails to occur).

In the event of a redemption of less than all of the Bonds, the Bonds shall be selected by lot. Bonds shall only be redeemed in Authorized Denominations.

Unless notice of redemption is not required under this Bond and the terms of the Indenture, notice of redemption of this Bond shall be given by first class mail, postage prepaid, to the Registered Owner hereof at the address of such Registered Owner shown on the registration books maintained by the Trustee, as bond registrar. All such notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. Notice shall also be sent by certified mail, overnight delivery service or other secure means, postage prepaid, to the Credit Facility Provider and to certain information services as described in the Indenture. Failure to give notice by mailing to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond if notice shall have been mailed as herein provided. The Trustee may provide a

conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond is transferable by the Registered Owner hereof in person or by such Registered Owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds of the same series, maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bonds are issuable only as fully registered Bonds without coupons.

The Issuer and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal, purchase price, or redemption price of, or interest on, this Bond, or for any claim based hereon or upon any obligation, covenant, or agreement in the Indenture, against any past, present or future member, director, elected or appointed officer, official, attorney, employee or agent of the Issuer or of any successor, body or person, as such, either directly or through the Issuer or any such successor body under any constitutional provision, statute or rule of law or equity or by the enforcement or any assessment or penalty or by any legal or equitable proceeding or otherwise, and all such liability of any past, present, or future member, director, elected or appointed officer, official, attorney, employee, or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture, the Financing Agreement, and the issuance of any of the Bonds, including this Bond. Each owner of this Bond by accepting this Bond waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond. In addition, the owner of this Bond shall have no right to enforce the provisions of the Indenture or the Financing Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any Events of Default under the Indenture or the Financing Agreement, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture or the Financing Agreement.

No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in the resolution of the County Board of the Issuer authorizing the issuance of the Bonds (the *"Resolution")* and no other pledge, agreement, covenant, representation, obligation

or undertaking by the Issuer contained in any other document executed by the Issuer in connection with the Project or the Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way, except out of payments to be made by the Borrower under the Financing Agreement, other than payments to be made by the Borrower pursuant to the Unassigned Rights. No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement therein shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until this Bond shall have been authenticated by the certificate of the Trustee endorsed on this Bond.

In the event of a conflict between the terms of this Bond and the Indenture, the terms of the Indenture shall control.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in the time, form and manner as required by law and that this Bond and the issue of which it forms a part does not exceed or violate any constitutional or statutory limitation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS OF THE ABOVE, the Issuer has caused this Bond to be duly executed in its name as of the date of delivery shown above.

THE COUNTY OF LAKE, ILLINOIS

By:_____
Name: Suzi Schmidt
Title: Chairman

ATTEST:
By:_____
Name: Willard R. Helander
Title: County Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

Date of Authentication: _____

The Bank of New York Mellon Trust Company, N.A., as Trustee

By:_____
Authorized Signer

LEGAL OPINION CERTIFICATE

I, the undersigned County Clerk of The County of Lake, Illinois, do hereby certify that there follows a true copy of the complete legal opinion of Chapman and Cutler LLP, the original of which was manually executed, dated and issued as of the date of payment for and delivery of this Bond.

[Insert Bond Counsel Opinion]

Respectfully submitted,

/s/ CHAPMAN & CUTLER LLP

I further certify that an executed copy of each legal opinion is on file in my office and that an executed copy thereof has been furnished to the Trustee for this Bond.

_____
County Clerk

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT/TRANS MIN ACT-- _____Custodian _____
(Cust) (Minor)
under Uniform Gifts/Trans to
Minors Act _____
(State)

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____
(Please print or typewrite name, address and Tax I.D. or Social Security No. of Transferee)

the within bonds and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed

_____

NOTICE: Signature(s) must be guaranteed by an eligible guaranty institution.

_____

Signature

NOTICE: The Signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

FORM OF TENDER NOTICE

$26,000,000
THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT)
SERIES 2008

TO: The Bank of New York Mellon Trust Company, N.A., as Tender Agent

Notice is hereby given pursuant to Section 10.01 of the Trust Indenture dated as of November 1, 2008 (the *"Indenture"*), pursuant to which the above-captioned bonds (the *"Bonds"*) are issued and outstanding, that the undersigned Bondholder demands the purchase of $_____ in aggregate principal amount of Bonds, on _____, which date is a Business Day not prior to the seventh (7th) day next succeeding the date of your receipt of this Notice. The demand for purchase is irrevocable.

Date: _____

_____
Authorized Signature

Copies to: The Bank of New York Mellon Trust Company, N.A., Trustee
Banc of America Securities, LLC, Remarketing Agent

EXHIBIT C

FORM OF PURCHASER'S LETTER

[To be prepared on letterhead of Purchaser]

[Date]

The County of Lake, Illinois
18 North County Street
Waukegan, Illinois 60085
Attention: County Clerk

The Bank of New York Mellon Trust Company, N.A., as Trustee
Two North LaSalle Street
Chicago, Illinois 60602
Attention: Corporate Trust Department

Re: The County of Lake, Illinois $26,000,000 Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008

Ladies and Gentlemen:

The undersigned (the *"Purchaser"*) hereby acknowledges receipt as transferee, from the previous owner thereof, of the above-referenced bonds (the *"Bonds"*) in fully registered form and in the aggregate principal amount of $_____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds were issued for the purpose of financing a loan to assist in financing a multifamily rental housing development known as Whispering Oaks Apartments located in Waukegan, Illinois (the *"Project"*), as more particularly described in that certain Financing Agreement dated as of November 1, 2008, as may be amended and supplemented from time to time (the *"Financing Agreement"*), by and among The County of Lake, Illinois (the *"Issuer"*), Whispering Oaks Associates, L.P., a limited partnership duly organized and validly existing under the laws of the State of Illinois (the *"Borrower"*), and The Bank of New York Mellon Trust Company, N.A., as Trustee (the *"Trustee"*). The undersigned further acknowledges that the Bonds are secured by a certain Trust Indenture dated as of

November 1, 2008, as amended and supplemented (the *"Indenture"*), by and between the Issuer and the Trustee, which creates a security interest in loan repayments made pursuant to the Financing Agreement for the benefit of the owners of the Bonds, and by a Multifamily Mortgage, Assignment of Rents and Security Agreement with respect to the Project (the *"Bond Mortgage"*), which creates a security interest in the Project, subject to permitted encumbrances, as provided therein. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the *"Act"*), or a bank holding company or a wholly-owned subsidiary of a bank holding company, or a savings and loan association or other institution as defined in Section 3(a)(5)(a) of that act whether acting in its individual or fiduciary capacity; or (b) a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or (c) an insurance company as defined in Section 2(13) of that act; or (d) an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; or (e) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; or (f) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision for the benefit of its employees, if investment decisions are made by a plan fiduciary which is a bank, savings and loan association, insurance company, or registered investment advisor and the plan establishes fiduciary principles the same as or similar to those contained in Sections 404-407 of Title I of the Employee Retirement Income Security Act of 1974, as amended; or (g) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, if investment decisions are made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors or (h) an "accredited investor" as defined in Rule 501 of Regulation D of the Act, as amended.

2. The Bonds are being acquired by the Purchaser for its own account and for investment and not with a view to, or for resale in connection with, any public distribution of the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible due to unmarketability of the Bonds.

3. The Purchaser understands that the Bonds have not been registered under the Act.

4. The Purchaser acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower, and understands that the Borrower has no significant assets other than the Project. To the extent deemed appropriate in making its investment decision, the Purchaser has discussed the Borrower's financial condition and the Borrower's current and proposed business activities with the Borrower. The Purchaser further acknowledges that it has such knowledge and experience in business matters that it is fully capable of evaluating the merits and risks of this investment and it is able to bear the economic risk of the investment. The Bonds are a security of the kind the Purchaser wishes to purchase and hold for investment, and the nature and amount of the Bonds are consistent with the Purchaser's investment program. The Purchaser has been furnished such information and such documents as the Purchaser deems necessary to make a decision to purchase the Bonds, including copies or forms of the Indenture, the Financing Agreement, the Bond Mortgage and the Tax Regulatory Agreement (as defined in the Indenture), and certain other documents relating to the Bonds and the Project, all of which documents the Purchaser has reviewed. Specifically, but without limitation, the Purchaser has reviewed information about the Project and the property manager for the Project, if any, as well as information about the investment risks relating to the Bonds, and the Purchaser understands that the Bonds involve a high degree of risk. SPECIFICALLY, AND WITHOUT IN ANY MANNER LIMITING THE FOREGOING, THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT, AMONG OTHER RISKS, THE BONDS ARE PAYABLE SOLELY FROM REVENUES DERIVED FROM THE PROJECT AND THAT THE BONDS ARE NOT ENTITLED TO THE BENEFIT OF ANY CREDIT FACILITY. The Purchaser has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes.

5. The Purchaser has received from the Issuer no formal or informal offering or disclosure document relating to the Bonds and has concluded that the receipt of one prior to the purchase of the Bonds is not required. It is acknowledged that no written information has been provided by the Issuer, and that any written information furnished by any other party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. Except as disclosed to the Issuer, the Purchaser is not now and has never been controlled by, or under common control with, the Borrower. Except as disclosed to the Issuer, the Borrower has never been and is not now controlled by the Purchaser. THE PURCHASER HAS ENTERED INTO NO ARRANGEMENTS WITH THE BORROWER OR WITH ANY AFFILIATE OF THE BORROWER IN CONNECTION WITH THE BONDS, OTHER THAN AS DISCLOSED TO THE ISSUER. The Purchaser hereby agrees to deliver to the Issuer a copy of any agreement between the Purchaser and the Borrower or any affiliate of the Borrower relating to the Bonds.

7. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

8. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other

aspects of the transactions, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the refinancing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to the Trustee to secure repayment of the Bonds.

9. The Purchaser understands that the Bonds and the interest on the Bonds are special, limited obligations of the Issuer, payable solely from the Trust Estate pledged therefor under the Indenture, including, without limitation, its interest in payments received under the Financing Agreement, the Bond Mortgage Note and the Credit Facility; that the Bonds are not a debt of the Issuer, the State or of any other political subdivision of the State, and neither the Issuer, the State nor any other political subdivision of the State will be liable for the payment of the Bonds; that the faith and credit of the Issuer, the State or any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

10. The Purchaser has been informed that the Bonds have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

11. The Purchaser has obtained, from representatives of the Borrower and others, all information regarding the Bonds which it has deemed relevant. The Purchaser has asked of the Borrower and all other relevant parties all the questions to which the Purchaser desired answers, and has had those questions satisfactorily answered. Neither the Borrower nor the Issuer nor any other relevant party has refused to disclose any information that Purchaser deems necessary or appropriate to its decision to purchase the Bonds.

12. Although the Purchaser does not intend at this time to dispose of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to the following requirements:

(a) The Purchaser may not dispose of the Bonds to a person or entity other than as described in Section 1 without the prior written consent of the Issuer;

(b) The Purchaser will not sell or otherwise transfer the Bonds unless such transfer will not result in the transferee owning less than all of the Bonds, except with the prior written approval of the Issuer;

(c) Prior to any transfer of the Bonds, the Purchaser shall deliver to the Issuer and the Trustee a certificate identifying any and all documents that have

been executed by the Purchaser and the Borrower or any affiliate of the Borrower with respect to the Bonds; and

(d) The Purchaser will not sell or otherwise transfer the Bonds without requiring the transferee to deliver to the Issuer and to the Trustee an investor's letter to the same effect as this Purchaser's Letter, including this paragraph 12, with no revisions except as may be approved in writing by the Issuer.

[PURCHASER]

By:_____
Name:_____
Title:_____

EXHIBIT D

COSTS OF ISSUANCE REQUISITION
(COSTS OF ISSUANCE FUND)

The Bank of New York Mellon Trust Company, N.A., as Trustee

Re: The County of Lake, Illinois $26,000,000 Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008

Trustee:

You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 4.13 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the *"Requisition"*). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture (the *"Indenture"*), dated as of November 1, 2008, by and between The County of Lake, Illinois, and The Bank of New York Mellon Trust Company, N.A., as trustee, securing the above referenced Bonds.

REQUISITION NO.: 1

PAYMENT DUE TO: [See Attached Payee in Closing Memorandum]

AMOUNT TO BE DISBURSED: $_____

The undersigned, on behalf of Whispering Oaks Associates, L.P., a limited partnership duly organized and existing under the laws of the State of Illinois (the *"Borrower"*), certifies that:

(a) the expenditures for which moneys are requisitioned by this Requisition represent proper charges against the Costs of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____, 2008

WHISPERING OAKS ASSOCIATES, L.P., an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3, LLC, a California limited liability company, its Manager

By: _____
Name: Tim English
Title: Managing Member

EXHIBIT E

FORM OF REQUISITION

(BOND PROCEEDS ACCOUNT OF THE BOND MORTGAGE LOAN FUND)

(Complete in Triplicate)

The Bank of New York Mellon Trust Company, N.A. as trustee
Two North LaSalle Street
Chicago, Illinois 60602
Attention: Corporate Trust Department

$26,000,000
THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT)
SERIES 2008

To Whom It May Concern:

Pursuant to Section 2.11A of the Indenture, you are requested to disburse funds from the Bond Proceeds Account of the Bond Mortgage Loan Fund in the amount(s), to the person(s) and for the purpose(s) set forth in this Requisition and the Indenture. The terms used in this Requisition shall have the meanings given to those terms in the Trust Indenture (the *"Indenture"*) dated as of November 1, 2008, by and between The County of Lake, Illinois, and The Bank of New York Mellon Trust Company, N.A., as trustee, securing the above-referenced Bonds.

1. REQUISITION NO.:

2. PAYMENT DUE TO:

3. AMOUNT TO BE DISBURSED: $

4. The amount requested to be disbursed pursuant to this Requisition will be used to pay Rehabilitation Costs of the Project detailed in Section I attached to this Requisition.

5. With respect to a disbursement from the Bond Mortgage Loan Fund, the undersigned certifies that:

(i) the amounts included in 3 above were made or incurred or financed and were necessary for the Project and were made or incurred in accordance with the Schedule of Work;

(ii) the amount paid or to be paid, as set forth in this Requisition, represents a part of the funds due and payable for Rehabilitation Costs of the Project, such funds were not paid in advance of the time, if any, fixed for payment and such funds are due in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(iii) the expenditures for which amounts are requisitioned represent proper charges against the Bond Mortgage Loan Fund, have not been included in any previous requisition, have been properly recorded on the Owner's books and are set forth in Schedule I, with paid invoices attached for any sums for which reimbursement is requested;

(iv) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for its funds actually advanced for Rehabilitation Costs of the Project and do not represent a reimbursement to the Borrower for working capital;

(v) the amount remaining in the Bond Mortgage Loan Fund, together with expected Investment income on the Bond Mortgage Loan Fund, will, after payment of the amount requested by this Requisition, be sufficient to pay the costs of completing the Schedule of Work substantially in accordance with the rehabilitation contracts, plans and specifications and building permits therefor, if any, currently in effect;

(vi) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Financing Agreement and the Regulatory Agreement;

(vii) not less than 95% of the sum of:

(A) the amounts requisitioned by this Requisition; plus

(B) all amounts previously requisitioned and disbursed from the Bond Mortgage Loan Fund; have been or will be applied by the Borrower to pay Qualified Project Costs (as that term is used in the Regulatory Agreement);

(viii) the Owner is not in default under the Financing Agreement, the Regulatory Agreement or the Bond Mortgage Loan Documents and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Financing Agreement, the Regulatory Agreement or the Bond Mortgage Loan Documents;

(ix) no amounts being requisitioned by this Requisition will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the issuance of the Bonds.

6. With respect to the disbursement from the Bond Mortgage Loan Fund, attached to this Requisition is Schedule I, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

WHISPERING OAKS ASSOCIATES, L.P., an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3, LLC, a California limited liability company, its Manager

By: _____
Name: Tim English
Title: Managing Member

APPROVED:

PRUDENTIAL AFFORDABLE MORTGAGE
CORPORATION

By:_____
Title:_____
Date:_____

NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: S&P "AAA/A-1+"**
(See "RATINGS" herein)

Subject to compliance by the Issuer and the Borrower with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, (i) interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended), (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion.

$26,000,000
The County of Lake, Illinois
Variable Rate Demand Multifamily Housing Revenue Bonds
(Whispering Oaks Apartments Project)
Series 2008

Dated: Date of Delivery **Price: 100%** **CUSIP No. _____** **Due: November 1, 2045**

The above-captioned bonds (the "Bonds") are being issued pursuant to a Trust Indenture dated as of November 1, 2008 (the "Indenture") by and between The County of Lake, Illinois (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Bonds are being used by the Issuer to finance a mortgage loan (the "Bond Mortgage Loan") from the Trustee on behalf of the Bondholders to Whispering Oaks Associates, L.P., an Illinois limited partnership (the "Borrower"), pursuant to a Financing Agreement, dated as of the date of the Indenture (the "Financing Agreement"), among the Issuer, the Borrower and the Trustee, for the purpose of financing a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily residential rental housing development located in the City of Waukegan, Lake County, Illinois and further described herein (the "Project").

The Bonds will bear interest at a Variable Rate until adjusted to a Reset Rate or converted to a Fixed Rate, all as described herein. The Bonds will be issued as fully registered bonds without coupons, in the minimum denomination of $100,000 and any integral multiple of $5,000 in excess thereof during the Variable Period. The Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE BONDS—Book-Entry Only System." The principal of, premium, if any, and interest on the Bonds are payable by the Trustee, by wire transfer directly to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. Interest on the Bonds will be payable on the first Business Day of each month (each an "Interest Payment Date"), commencing on December 1, 2008.

Payments of principal of and interest on the Bond Mortgage Loan and payments of the Purchase Price of the Bonds will be secured by a direct pay Credit Enhancement Agreement, dated as of November 1, 2008 (the "Credit Enhancement Agreement") between the Trustee and the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States ("Freddie Mac").

Freddie Mac

The Credit Enhancement Agreement will terminate on _____ or upon the earlier redemption (or purchase in lieu thereof) of the Bonds or upon substitution of an Alternate Credit Facility under the Indenture as more fully described herein. See "APPENDIX C—FORM OF CREDIT ENHANCEMENT AGREEMENT" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — The Credit Enhancement Agreement."

The Bonds will be subject to mandatory purchase by the Trustee on any date on which an Alternate Credit Facility is to be exchanged for the Credit Facility then in effect if the conditions of such substitution are satisfied, including the receipt by the Trustee of remarketing proceeds in an amount equal to 100 percent of the Purchase Price of the Bonds.

The Bonds will be subject to redemption prior to the stated maturity date at the prices, on the terms and upon the occurrence of the events described herein. The maturity of the Bonds may be accelerated upon the occurrence of certain events as further described herein. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Acceleration; Remedies." Persons who purchase Bonds at a price in excess of their principal amount risk the loss of any premium paid in the event the Bonds are redeemed prior to maturity. See "THE BONDS" and "CERTAIN BONDHOLDERS' RISKS."

THE BONDS, TOGETHER WITH THE INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE ISSUED UNDER THE ACT, AND CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, AND ARE AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND RECEIPTS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND PREMIUM, IF ANY, THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A PECUNIARY LIABILITY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PAST, PRESENT OR FUTURE DIRECTORS, MEMBERS, ELECTED OR APPOINTED OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED THEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY OTHER AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

This Official Statement describes the Bonds only during the initial Variable Period, which is the period beginning on the delivery date of the Bonds and ending on the date on which the interest rate on the Bonds is converted to a Reset Rate or to a Fixed Rate. This Official Statement pertains to the Bonds only while they are secured by the Credit Enhancement Agreement provided by Freddie Mac. A new official statement is required to be used to offer or remarket the Bonds if interest on the Bonds is converted to a Reset Rate or a Fixed Rate or if the Bonds are no longer secured by the Freddie Mac Credit Enhancement Agreement.

The Bonds are offered when, as and if issued and received by the Underwriter subject to the approval of certain legal matters by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Holland & Knight LLP, for Borrower by its counsel, Resch Polster & Berger, LLP, Los Angeles, California and Hinshaw & Culbertson, LLC, Chicago, Illinois, special counsel to the Borrower, for Freddie Mac by its Legal Department and by its special counsel, Kutak Rock LLP, Omaha, Nebraska, and for the Underwriter by Eichner & Norris PLLC, Washington, D.C. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about November __, 2008.

BANC OF AMERICA SECURITIES LLC

Dated: November __, 2008

No broker, dealer, salesman or other person has been authorized by the Issuer, the Borrower, or the Underwriter to give any information or to make any representations with respect to the Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Borrower or the Underwriter. 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.

Freddie Mac has not provided or approved any information in this Official Statement, except with respect to the description under the caption "FREDDIE MAC," and takes no responsibility for any other information contained in this Official Statement. Freddie Mac makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role with respect to the Bonds is limited to entering into the applicable Credit Enhancement Agreement, the provisions of which are described herein.

The Issuer has not provided or approved any information in this Official Statement except with respect to the information under the caption "THE ISSUER" and "NO LITIGATION – The Issuer." Although this Official Statement contains information from sources believed to be reliable, the Issuer makes no representation as to the contents of this Official Statement, other than those referred above, and neither the Issuer nor the Borrower makes any representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. The Issuer's role is limited to the issuance of the Bonds.

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 a part of, its responsibility 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.

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

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CERTAIN PERSONS PARTICIPATING IN THE UNDERWRITING OF THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS.

TABLE OF CONTENTS

Page

INTRODUCTION 1
THE ISSUER 4
THE BONDS 4
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 14
ESTIMATED SOURCES AND USES OF FUNDS 17
FREDDIE MAC 17
SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT 19
THE BORROWER AND THE PROJECT 20
THE SERVICER 23
CERTAIN BONDHOLDERS' RISKS 23
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE 25
SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT 39
SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT 43
SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENT 47
CONTINUING DISCLOSURE 48
TAX MATTERS 48
UNDERWRITING 50
RATINGS 50
CERTAIN LEGAL MATTERS 50
NO LITIGATION 51
ENFORCEABILITY OF REMEDIES 52
MISCELLANEOUS 52

APPENDIX A DEFINITIONS OF CERTAIN TERMS
APPENDIX B FORM OF BOND COUNSEL OPINION
APPENDIX C FORM OF CREDIT ENHANCEMENT AGREEMENT

OFFICIAL STATEMENT

$26,000,000
THE COUNTY OF LAKE, ILLINOIS
VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS
(WHISPERING OAKS APARTMENTS PROJECT)
SERIES 2008

INTRODUCTION

The following is a summary of certain information contained in this Official Statement, to which reference should be made for a complete statement thereof. The Bonds are offered to potential investors only by means of the entire Official Statement, including the cover page, this introductory statement and the Appendices hereto. Capitalized terms used but not defined in this Official Statement have the meanings ascribed to them as set forth under "Appendix A—Definitions of Certain Terms."

General

The purpose of this Official Statement is to provide information in connection with the issuance by The County of Lake, Illinois (the "Issuer") of the above-captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of November 1, 2008 (the "Indenture") by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and in accordance with the 50 Illinois Compiled Statutes 2006, 445/1 et seq., as supplemented and amended (the "Act"). The Issuer is using the proceeds of the Bonds to finance a mortgage loan (the "Bond Mortgage Loan") by the Trustee on behalf of the Bondholders to Whispering Oaks Associates, L.P., an Illinois limited partnership (the "Borrower"), for the purpose of financing a portion of the costs of the acquisition, rehabilitation and equipping of a multifamily residential rental housing development located in the City of Waukegan, Lake County, Illinois (the "Project"). See "THE BORROWER AND THE PROJECT" herein.

The Bond Mortgage Loan will be made pursuant to a Financing Agreement, dated as of the date of the Indenture (the "Financing Agreement"), by and among the Issuer, the Borrower and the Trustee. The Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated as of the Delivery Date (together with all riders and addenda thereto the "Bond Mortgage Note") executed by the Borrower in favor of the Trustee on behalf of the Bondholders and secured by a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the "Bond Mortgage") executed by the Borrower and delivered to the Trustee with respect to the Project. Payments on the Bond Mortgage Loan will be made by the Borrower to Prudential Affordable Mortgage Company (the "Servicer") for the benefit of the Trustee. The principal amount and payment provisions of the Bond Mortgage Note have been established and structured so that (a) the aggregate principal amount of the Bond Mortgage Note will not be less than the aggregate principal amount of Outstanding Bonds; (b) the interest payable on the Bond Mortgage Note will not be less than the interest payable on the Outstanding Bonds; and (c) the required payments under the Bond Mortgage Note will be timely and sufficient in amount to make the payments due to the Bondholders on the Outstanding Bonds.

On the Delivery Date, the Issuer will assign the Financing Agreement (except for its Unassigned Rights) to the Trustee for the benefit of the registered owners of the Bonds. In addition to the other security provided under the Indenture, the required payments under the Bond Mortgage Note will be secured by Guaranteed Payments under a direct pay Credit Enhancement Agreement dated as of November 1, 2008 (the "Credit Enhancement Agreement" or "Credit Facility"), between the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "Credit Facility Provider") and the Trustee. A

form of the Credit Enhancement Agreement is attached hereto as Appendix C. The obligation of the Borrower to reimburse Freddie Mac for funds provided by Freddie Mac pursuant to the Credit Enhancement Agreement is established by the terms and conditions of a Reimbursement and Security Agreement dated as of November 1, 2008 (the "Reimbursement Agreement") by and between the Borrower and Freddie Mac. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Credit Enhancement Agreement," "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" and "APPENDIX C—FORM OF CREDIT ENHANCEMENT AGREEMENT."

Under the Credit Enhancement Agreement, subject to certain requirements set forth therein, on any Interest Payment Date, or any date Bonds are called for optional or mandatory redemption, and on the maturity date of the Bond Mortgage Note, Freddie Mac is required to pay Guaranteed Payments (as defined herein) and, in the event of a failed remarketing, the Purchase Price on such Bonds. See "THE BONDS," "APPENDIX A—DEFINITIONS OF CERTAIN TERMS" and "APPENDIX C—FORM OF CREDIT ENHANCEMENT AGREEMENT."

So long as Freddie Mac is not in default in its payment obligations under the Credit Enhancement Agreement, Freddie Mac shall control and shall have the ability to exercise rights under the Bond Mortgage and Freddie Mac may direct the Trustee to assign the Trustee's interests in the Bond Mortgage Loan, including the Bond Mortgage Note, the Bond Mortgage and the other Bond Mortgage Loan Documents to Freddie Mac at any time.

Pursuant to an Intercreditor Agreement dated as of November 1, 2008 (the "Intercreditor Agreement"), among the Issuer, the Trustee and Freddie Mac with respect to the Bonds, neither the Trustee nor the Bondholders will have the right to exercise remedies under the Bond Mortgage while the Credit Enhancement Agreement secures the Bonds and Freddie Mac continues to honor its obligations thereunder. The Borrower will also execute a Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 (the "Reimbursement Mortgage") for the benefit of Freddie Mac to secure the Borrower's obligations under the Reimbursement Agreement.

THE BONDS, TOGETHER WITH THE INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE ISSUED UNDER THE ACT, AND CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, AND ARE AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND RECEIPTS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND PREMIUM, IF ANY, THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A PECUNIARY LIABILITY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PAST, PRESENT OR

FUTURE DIRECTORS, MEMBERS, ELECTED OR APPOINTED OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED THEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY OTHER AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

The Borrower is required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2008 (the "Regulatory Agreement"), among the Issuer, the Trustee and the Borrower. The Regulatory Agreement contains certain representations, warranties and covenants concerning the operation of the Project. Under the Regulatory Agreement, the Borrower is required, among other things, to cause 40% of the residential units in the Project to be continuously occupied by individuals whose income does not exceed 60% of the median gross income, adjusted for family size, for the area in which the Project is located, as further described in the Regulatory Agreement. A failure to comply with certain of these requirements could result in the loss of the federal tax exemption on the Bonds retroactive to the Delivery Date. See "TAX MATTERS" and "SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT." Further, in connection with the award of low-income housing tax credits to the Project, the Borrower anticipates that it will be required to set aside 100% of the units in the Project for lower income tenants and to restrict the rents charged to such tenants. See "THE BORROWER AND THE PROJECT" herein.

Banc of America Securities LLC (the "Remarketing Agent") has been appointed by the Issuer with the approval of Freddie Mac and the Borrower to serve as Remarketing Agent for the Bonds under the terms of a Remarketing Agreement dated as of November 1, 2008 (the "Remarketing Agreement"), between the Borrower and the Remarketing Agent. The Bank of New York Mellon Trust Company, N.A., as tender agent (the "Tender Agent"), will perform certain services in connection with the purchase of tendered Bonds.

Brief descriptions of the Issuer, the sources of payment for the Bonds, the Bonds, the Project, the Borrower, the Servicer and Freddie Mac and a general summary of the Indenture, the Financing Agreement, the Regulatory Agreement, the Intercreditor Agreement and the Reimbursement Agreement are included in this Official Statement. The form of the Credit Enhancement Agreement is attached as Appendix C. All references herein to the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Enhancement Agreement, the Intercreditor Agreement, the 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 principal office of the Trustee.

This Official Statement describes the Bonds only during the initial Variable Period, which is the period beginning on the delivery date of the Bonds and ending on the date on which interest on the Bonds

is converted to a Reset Rate or to a Fixed Rate. This Official Statement pertains to the Bonds only while they are secured by the Credit Enhancement Agreement provided by Freddie Mac. A new official statement is required to be used to offer or remarket the Bonds if interest on the Bonds is converted to a Reset Rate or a Fixed Rate or if the Bonds are no longer secured by the Freddie Mac Credit Enhancement Agreement.

So long as the Bonds bear interest at a Variable Rate as described herein, the Borrower will be under no obligation to provide continuing disclosure or provide notice of certain events relating to Project operations. See "CONTINUING DISCLOSURE."

The Regulatory Agreement, the Financing Agreement, the Credit Enhancement Agreement, the Reimbursement Agreement, and certain certificates required by such documents for the Bonds are sometimes referred to herein collectively as the "Bond Mortgage Loan Documents."

THE ISSUER

The Issuer is a political subdivision duly organized and validly existing under the Constitution and laws of the State. The Bonds are issued by the Issuer pursuant to the Industrial Building Revenue Bond Act (50 *Illinois Compiled Statutes* 2000, 445/1 2006 et seq., as supplemented and amended) and pursuant to an authorizing resolution adopted by the County Board of the Issuer on November 18, 2008.

THE BONDS

General

The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. The Bonds shall be dated the Delivery Date and shall also be dated the date they are authenticated by the Trustee.

Interest on the Bonds during any Variable Period shall be computed on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed. Interest on the Bonds during any Reset Period or Fixed Rate Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date, in each case from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bond, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Delivery Date, until payment of the principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Interest Payment Date, such Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bonds shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Delivery Date.

The Bonds shall be issued in Authorized Denominations and shall bear interest payable on each Interest Payment Date at the rate per annum determined as provided in the Indenture. See "Variable Rate for Bonds" below. The Bonds shall mature, subject to redemption prior to maturity as provided in the Indenture, on November 1, 20__.

Variable Rate for the Bonds

The Bonds shall bear interest from and including the Delivery Date to and including the immediately succeeding Variable Interest Computation Date at a Variable Rate agreed to by the Remarketing Agent and the Issuer, and thereafter shall bear interest at a Variable Rate for each Variable Interest Accrual Period as determined by the Remarketing Agent on each Variable Interest Computation Date until adjusted to a Reset Rate or Fixed Rate as provided in the Indenture.

The Variable Rate for each Variable Interest Accrual Period determined by the Remarketing Agent on each Variable Interest Computation Date shall be that rate of interest which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on such Variable Interest Adjustment Date to be equal to 100% of the principal amount thereof (disregarding accrued interest) if the Bonds were sold on such Variable Interest Computation Date; provided, however, that in no event shall the Variable Rate at any time exceed the Maximum Rate. If for any reason the Remarketing Agent shall fail to determine the rate of interest or if the rate of interest determined by the Remarketing Agent is held to be invalid or unenforceable for any Variable Interest Accrual Period, then the Variable Rate for such Variable Interest Accrual Period shall be the Index Rate in effect on the applicable Variable Interest Computation Date.

For each Variable Interest Accrual Period, the Variable Rate determined by the Remarketing Agent shall be communicated by electronic mail to the Trustee, the Tender Agent, the Borrower, the Servicer and the Credit Facility Provider as provided in the Indenture, on the Variable Interest Computation Date. The determination of the Variable Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Owners of the Bonds, the Issuer, the Borrower, the Credit Facility Provider, the Servicer, the Remarketing Agent, the Tender Agent and the Trustee, and each shall be protected in relying on it.

Following any Reset Adjustment Date, the interest rate on the Bonds may be converted again to a Variable Rate at the election or deemed election of the Borrower in accordance with the procedures in the Indenture, which date of adjustment to a Variable Rate shall be the Variable Rate Adjustment Date. The Trustee shall give notice to the Bondholders, by first class mail not less than nine (9) days before the Variable Rate Adjustment Date specifying: (i) the Variable Rate Adjustment Date, and that the interest rate on the Bonds will be established at the Variable Rate on the Variable Rate Adjustment Date; and (ii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Variable Rate Adjustment Date.

Book-Entry Only System

The Bonds will be available in book entry form only in Authorized Denominations. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased.

The Depository Trust Company ("DTC"), New York, NY, 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 certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Demand for and Mandatory Purchase of the Bonds

Any Bonds (other than Purchased Bonds), or any units of principal amount thereof in Authorized Denominations, shall be purchased from the proceeds of remarketing thereof as described in the

Indenture, (a) on demand of the owner of such Bond (or, so long as Bonds are in "book-entry only" form pursuant to the Indenture, demand of a DTC Participant, as defined in the Indenture, with respect to such Bonds) on any Business Day during a Variable Period which is an Optional Tender Date (as defined below), or (b) upon being tendered or deemed tendered pursuant to the Indenture, on any Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date and any Substitution Date (even if such Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date for which notice has been given by the Trustee to the Bondholders fails to occur). Bonds shall be purchased for a Purchase Price equal to the principal amount thereof, or of any units thereof purchased in Authorized Denominations, plus interest accrued thereon, if any, to the Settlement Date. Bonds shall be purchased upon (i) in the case of a purchase upon the demand of an owner or DTC Participant, delivery to the Tender Agent, with a copy to the Trustee and the Remarketing Agent, of a written notice in the form set forth as an exhibit to the Indenture (a "Tender Notice") which states (A) the principal amount of such Bond for which payment is demanded, (B) that such demand is irrevocable and (C) the date on which such Bond or units of principal amount thereof in Authorized Denominations shall be purchased pursuant to the Indenture, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of the receipt of the Tender Notice by the Tender Agent (an "Optional Tender Date"); and (ii) in all cases, delivery of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent) to the Tender Agent, at or prior to 9.30 a.m., Washington, D.C. time, on the Settlement Date. In the event that a depository is appointed pursuant to the Indenture and a "book-entry only" system is in effect with respect to the Bonds, delivery of Bonds for purchase on the Settlement Date shall be effected in the manner set forth by such depository.

Bonds not delivered to the Tender Agent on or prior to 9:30 a.m., Washington, D.C. time, on the Settlement Date shall be deemed tendered and purchased for all purposes of the Indenture and interest shall cease to accrue on such Bonds on the related Settlement Date.

Payment of the Purchase Price of any Bond shall be made on the Settlement Date by check or by wire transfer (if requested in writing by the Bondholder) or as designated in the Tender Notice with respect to such Bond, but only upon delivery and surrender of such Bond to the Tender Agent.

If the Trustee shall have received the items required by the Indenture, the Trustee shall (a) not later than the fifteenth (15th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or Substitution Date (or, if such day is not a Business Day, then on the next succeeding Business Day), notify the Tender Agent by telephone, promptly confirmed in writing, with a copy to the Remarketing Agent, and (b) not later than the ninth (9th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date, notify the Bondholders by first class mail, that all Outstanding Bonds (other than Purchased Bonds) shall be subject to mandatory tender and if not so tendered, shall be deemed to have been tendered for purchase on each such Reset Adjustment Date as provided in the Indenture, Variable Rate Adjustment Date as provided in the Indenture, Fixed Rate Adjustment Date as provided in the Indenture or the Substitution Date as provided in the Indenture, at the Purchase Price. Such notices from the Trustee shall be treated as a Tender Notice for all purposes of the Indenture.

If all of the Bonds shall have been called for redemption during any Variable Period, the Bonds may continue to be remarketed until the date fixed for redemption, provided the purchasers of such Bonds are given notice of the call for redemption prior to purchase of any Bonds.

No Bonds shall be purchased or remarketed pursuant to the Indenture if an Event of Default thereunder (other than a paragraph (c) Event of Default) shall have occurred and be continuing, and would not be cured as a result of such tender and remarketing of the Bonds or following a declaration of acceleration of the Bonds; nor shall any Bond be purchased pursuant to the Indenture if such Bond is

registered in the name of the Issuer, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any general partner, member or guarantor of the Borrower or any nominee of the Issuer, the Borrower, the Credit Facility Provider, or any such general partner, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to such Bonds after such purchase.

Purchase of Bonds Not Remarketed

In the event that either the Tender Agent shall not have received notice of successful remarketing of tendered Bonds by the day which is one (1) Business Day prior to the Settlement Date, or the proceeds of remarketing of any tendered Bond have not been received by the Tender Agent on or prior to 10:00 a.m., Washington, D.C. time on the Settlement Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility (not the Alternate Credit Facility on a Substitution Date) in an amount sufficient to enable the Tender Agent to pay the Purchase Price of each such Bond when due. On each Settlement Date, the Trustee shall pay or cause to be paid to the Tender Agent the Purchase Price of any Bonds tendered pursuant to, and in accordance with, the Indenture and which have not been remarketed pursuant to the Indenture, but only from (i) money obtained by the Trustee pursuant to the Credit Facility then in effect to enable the Trustee to pay the Purchase Price of such tendered Bonds, which amounts shall be transferred by the Trustee to the Tender Agent at or before 3:00 p.m., Washington, D.C. time, on the Settlement Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to (i) above are insufficient on any date to pay the Purchase Price of tendered Bonds.

Upon receipt of such Purchase Price and upon receipt of the Bonds tendered for purchase pursuant to the Indenture, the Tender Agent shall pay such Purchase Price to the registered Owners thereof; provided, that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Tender Agent shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase Bonds shall be used solely for such purpose. Any Bonds so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Pledge Agreement. Amounts drawn under the Credit Facility which are not used to purchase Bonds pursuant to the Indenture shall be remitted by the Trustee or the Tender Agent to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bonds.

Mandatory Tender of the Bonds on Substitution Date

Except during the Fixed Rate Period, the Borrower, pursuant to the Financing Agreement, is permitted with the written confirmation to the Trustee from the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied, to provide an Alternate Credit Facility to replace the then outstanding Credit Facility at the times specified in the Financing Agreement.

The Bonds shall be subject to mandatory tender for purchase on any Substitution Date from the sources available pursuant to the Indenture, at a Purchase Price equal to the principal amount thereof plus accrued interest to the Substitution Date.

Upon receipt by the Trustee of (i) notice from the Borrower of a planned substitution, (ii) the aforementioned confirmation of the Credit Facility Provider; (iii) a form of the Alternate Credit Facility to be in effect on and after the Substitution Date and an irrevocable commitment to deliver such Alternate Credit Facility; (iv) a form of the disclosure document (if any) to be used in connection with the remarketing of the Bonds on the Substitution Date, and (v) a form of the documents required pursuant to

the Financing Agreement, the Trustee shall establish the Substitution Date for the mandatory tender and purchase of the Bonds. Such Substitution Date shall be not less than five (5) days following the Trustee's receipt of the Alternate Credit Facility to be in effect on and after the Substitution Date (which Alternate Credit Facility may be delivered in escrow), and such other required documents; provided, however, the Substitution Date may be at a later date if the Trustee has received a commitment to extend the existing Credit Facility or the existing Credit Facility will be in place for up to a time period of not less than fifteen (15) days following the Trustee's receipt of the Alternate Credit Facility.

The Trustee shall give notice to the Owners of the Bonds, by first class mail not less than nine (9) days before the Substitution Date specifying: (a) the Substitution Date and (b) that all Bonds must be surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Substitution Date.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of the Indenture on the Substitution Date (including any Substitution Date which fails to occur) shall be deemed to have been tendered for purchase on such Substitution Date pursuant to the Indenture for all purposes of the Indenture; provided, however, payment on such Bonds shall only be made upon presentation thereof.

Optional Redemption of the Bonds

The Bonds are subject to optional redemption with the prior written consent of the Credit Facility Provider, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and the Financing Agreement from payments made under the Credit Facility (subject to the limitations set forth in the Indenture) or other Eligible Funds deposited with the Trustee during the Variable Period, on any date, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

While the Bonds are registered in the name of the Borrower pursuant to the Pledge Agreement, or on behalf of the Credit Facility Provider, in such other name as the Credit Facility Provider shall have directed, as a result of a mandatory tender for purchase of the Bonds pursuant to the Indenture, the Bonds are subject to redemption, in whole or in part, on any date, at the option of the Credit Facility Provider, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Eligible Funds or any other money acceptable to the Credit Facility Provider deposited with the Trustee.

Optional redemption of Bonds at a premium may only be made if the Trustee shall have received Eligible Funds (not consisting of funds drawn under the Credit Facility) on or prior to the date fixed for redemption in an amount sufficient to pay the applicable redemption premium.

The Trustee shall effect a redemption of Bonds pursuant to the Indenture at the earliest practical date for which notice may be given under the Indenture but in no event later than 35 days following its receipt of moneys representing an optional prepayment of the Bond Mortgage Loan.

Mandatory Redemption

The Bonds are subject to mandatory redemption on any date, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, at the earliest practicable date from payments made under the Credit Facility upon the occurrence of any of the following:

(a) in whole or in part, upon receipt by the Trustee of (1) proceeds of a draw under the Credit Facility, in the amount of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for the draw under the Credit Facility as a result of casualty or condemnation of the Project, and (2) a written direction by the Credit Facility Provider to redeem such Bonds using money obtained as a result of a draw upon the Credit Facility; or

(b) in whole or in part, upon receipt by the Trustee of amounts from the Credit Facility Provider pursuant to the Credit Facility as a result of the occurrence of an event of default under any Bond Mortgage Loan Document and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds pursuant to the Credit Facility; or

(c) in whole, on the last Business Day which is not less than five days before the date of expiration of any Credit Facility, unless the Trustee receives a renewal or extension of or replacement for such Credit Facility meeting the requirements of the Financing Agreement or, in the case of a replacement of the Credit Facility in connection with a Reset Adjustment Date or the Fixed Rate Adjustment Date pursuant to the Indenture, an irrevocable commitment of an entity to issue an Alternate Credit Facility to be in effect upon and after such Reset Adjustment Date or Fixed Rate Adjustment Date, in each case not less than thirty (30) days before the expiration of the then existing Credit Facility; or

(d) in part, at the written direction of the Credit Facility Provider (A) on each Reset Adjustment Date, each Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date in an amount not greater than the amount in the Principal Reserve Fund on the first day of the month prior to such Reset Adjustment Date, Variable Rate Adjustment Date or the Fixed Rate Adjustment Date, as applicable, or (B) on any Interest Payment Date during a Variable Period, in an amount not greater than the amount in the Principal Reserve Fund on the first day of the month prior to such Interest Payment Date; or

(e) in part, on each Interest Payment Date, during any Reset Period or Fixed Rate Period, with respect to the Bonds that have term maturities occurring during such Reset Period or Fixed Rate Period commencing on the first sinking fund mandatory date fixed for redemption established for the Bonds for such Reset Period or Fixed Rate Period as provided below; provided that if less than all the Bonds shall have been redeemed pursuant to the Indenture, the amount of Bonds to be redeemed in each year from sinking fund installments as provided in the Indenture shall be decreased by an amount, in proportion, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Loan in such year as determined by the Trustee; or

(f) in whole, on the day following any Reset Period if the Trustee has not received the items required by the Indenture, to effect a new Reset Period or a Fixed Rate Adjustment or upon cancellation of a rate adjustment on a Reset Adjustment Date or upon cancellation of a Fixed Rate Adjustment to a Fixed Rate; or

(g) in part, on the Interest Payment Date next following the completion of the rehabilitation of the Project, to the extent of amounts in Authorized Denominations transferred to the Redemption Fund from any amounts remaining in the Bond Proceeds Account of the Bond Mortgage Loan Fund and pursuant to a certificate of the Servicer (unless an Opinion of Bond Counsel addressed to the Trustee is provided to the effect that an alternate use of such moneys will not have an adverse impact on the tax-exempt status of the Bonds); or

At least fifteen (15) days before a Reset Adjustment Date or the Fixed Rate Adjustment Date the Borrower shall, with the prior written consent of the Credit Facility Provider, determine whether the Bonds shall have serial maturities, term maturities with sinking fund redemptions, term maturities without sinking fund redemptions or any combination thereof; provided that in all events the maturity structure shall be based on and consistent with the Principal Reserve Schedule; provided, however, the Borrower shall deliver to the Issuer, the Trustee and the Credit Facility Provider an Opinion of Bond Counsel to the effect that such determination of maturities and/or sinking fund redemptions will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Following a Variable Rate Adjustment Date, there shall be no mandatory sinking fund redemption schedule for the Bonds during the succeeding Variable Period.

Notice of Redemption

Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

Notices of redemption shall state the date fixed for redemption and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption; (ii) the CUSIP numbers of all Bonds being redeemed if available; (iii) the amount of each Bond being redeemed (in the case of a partial redemption); (iv) the date of issue of the Bond as originally issued; (v) the rate of interest borne by each Bond redeemed or that the Bonds bear interest at a Variable Rate; (vi) the maturity date of each Bond being redeemed; (vii) the possibility of a purchase of Bonds in lieu of redemption, if applicable; (viii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date fixed for redemption, including, as provided in the Indenture, that Eligible Funds are available to pay any redemption premium on the Bonds; and (ix) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each notice of redemption shall state that further interest on such Bonds will not accrue from and after the date fixed for redemption and that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee unless the Bonds are then held in a book-entry only system of registration.

Notice of such redemption shall also be sent by certified mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to the Credit Facility Provider, to the Servicer, to the Remarketing Agent, to the Rating Agency, to all municipal registered Securities Depositories and to at least two of the national Information Services that disseminate securities redemption notices, when possible, at least two (2) Business Days prior to the mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices

required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In addition to providing notice of redemption as set forth above, if the Bonds are no longer held in book-entry form, the Trustee shall send a second notice of redemption within sixty (60) days following the date fixed for redemption, by certified mail, overnight delivery service, or other secure means, postage prepaid to the registered Owners of any Bonds called for redemption, at their addresses appearing on the Bond Register, who have not surrendered their Bonds for redemption within thirty (30) days following the date fixed for redemption.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or tender or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as therein provided.

Purchase of Bonds in Whole in Lieu of Redemption

Notwithstanding anything in the Indenture to the contrary, at any time during which the Bonds are subject to redemption in whole pursuant to the provisions of the Indenture, all (but not less than all) of the Bonds to be redeemed may be purchased by the Trustee (for the account of the Borrower or the Credit Facility Provider or their respective designee, as directed by such party) on the date which would be the date fixed for redemption at the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider (which direction shall specify that such purchase is pursuant to the Indenture and shall be given no later than 12:00 noon, Washington, D.C., time on such date fixed for redemption), at a purchase price equal to the redemption price which would have been applicable to such Bonds on the date fixed for redemption. The Bonds shall be purchased in lieu of redemption only from amounts provided by the Credit Facility Provider or from other Eligible Funds. In the event the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the Owners of the Bonds to be so purchased (other than the notice of redemption otherwise required under the Indenture) shall be required, and the Trustee shall be authorized to apply to such purpose the funds in the Redemption Fund which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Such Bonds so purchased for the account of the Borrower shall for all purposes under the Indenture constitute Purchased Bonds held by the Custodian pursuant to the Pledge Agreement, and may be remarketed by the Remarketing Agent in accordance with the provisions of the Indenture. In addition, the Credit Facility Provider shall have the right to direct the transfer of Purchased Bonds (without reinstatement of the then existing Credit Facility or delivery to the Trustee of an Alternate Credit Facility, which will result in such Bonds being unrated) to the Credit Facility Provider or any subsidiary of the Credit Facility Provider, or to a single Bondholder which has provided the Trustee with an investment letter in the form attached to the Indenture as an exhibit (and otherwise subject to the provisions of the Indenture), provided that any transfer to a single Bondholder as described above shall require delivery of an Opinion of Bond Counsel to the Trustee to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Such Purchased Bonds, if not remarketed or transferred as provided in the Indenture, shall be redeemed and cancelled: (i) upon the written direction of the Credit Facility Provider; or (ii) automatically by the Trustee on the date which is not later than two (2) years from the date of purchase, unless an Opinion of Bond Counsel is delivered to the Trustee to the effect that not redeeming and canceling such Purchased Bonds will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Any purchase of Bonds under the Indenture is not intended as an extinguishment of the debt represented by the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Trust Estate

Under the Indenture, the Issuer grants to the Trustee a security interest in the following property described below in (a) through (c) to secure the Bonds (said property being herein referred to as the "Trust Estate") in order to secure the payment of principal of, premium, if any, and interest on the Bonds according to their tenor and effect, the payment to Freddie Mac of the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee in accordance with the provisions thereof and of the Credit Enhancement Agreement and Reimbursement Agreement, or the payment of amounts due and owing to any other Credit Facility Provider following termination of the Credit Enhancement Agreement, and the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and in the Bonds:

(a) all right, title and interest of the Issuer in and to all Revenues;

(b) All right, title and interest of the Issuer in and to the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage and the Credit Facility (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents;

(c) excluding funds, money or securities in the Cost of Issuance Fund, the Bond Purchase Fund, the Principal Reserve Fund, and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time thereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is authorized under the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms in the Indenture.

Special, Limited Obligations

THE BONDS, TOGETHER WITH THE INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE ISSUED UNDER THE ACT, AND CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, AND ARE AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND RECEIPTS SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND PREMIUM, IF ANY, THEREON DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT OR A LOAN OF CREDIT OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, OR A PECUNIARY LIABILITY OR A

CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY PAST, PRESENT OR FUTURE DIRECTORS, MEMBERS, ELECTED OR APPOINTED OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED THEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY OTHER AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

The Credit Enhancement Agreement

To provide security for the Bonds, Freddie Mac will enter into the Credit Enhancement Agreement with the Trustee. See “FREDDIE MAC” and “APPENDIX C—FORM OF CREDIT ENHANCEMENT AGREEMENT.” Pursuant to the Credit Enhancement Agreement, Freddie Mac is required to pay Guaranteed Payments with respect to the Bond Mortgage Loan relating to the Bonds when and in the amounts due, and the Purchase Price of the Bonds in accordance with the terms of the Indenture and Credit Enhancement Agreement. See “APPENDIX A—DEFINITIONS OF CERTAIN TERMS” for a definition of “Guaranteed Payment.”

Alternate Credit Facility

With respect to the Bonds, the Borrower, with the prior written confirmation of the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied (but without the consent of the Issuer, the Trustee or the Bondholders), may, on any Interest Payment Date during a Variable Period, on any Reset Adjustment Date, or any Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date (but no later than thirty (30) days prior to the expiration date of the Credit Facility unless an irrevocable commitment to extend the Credit Facility has been delivered to the Trustee satisfying the requirements of the Indenture, if applicable), and, following the beginning of a Reset Period, on any Interest Payment Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the date fixed for redemption and subject to the terms of the Credit Facility and Reimbursement Agreement, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Credit Facility then in effect (referred to in this section as “credit support”) and, if applicable, for payment of the Purchase Price of Bonds delivered or deemed delivered in accordance with the Indenture (referred to in this section as “liquidity support”); provided that, without the consent of the Borrower (and without the consent of the Issuer, the Trustee or the Bondholders), the Credit Facility Provider may provide any other form of “credit support” or “liquidity

support" (or combination thereof) issued by the Credit Facility Provider in substitution for then existing Credit Facility if (A) the conditions of the Indenture are satisfied or (B)(i) the Rating Agency confirms in writing that such substitution will not result in a reduction, withdrawal or qualification of the then current rating on the Bonds, (ii) the Credit Facility Provider delivers to the Issuer and the Trustee an opinion of counsel satisfying the requirements of subsection (c) below and (iii) such substitute "credit support" or "liquidity support"(or combination thereof) does not increase the amounts required to be paid by, or other obligations of, the Borrower. Any Alternate Credit Facility shall satisfy the following conditions, as applicable:

(a) An Alternate Credit Facility may be issued to provide only credit support or only liquidity support so long as a separate Credit Facility provides, at all times while such Alternate Credit Facility is in effect, complementary credit support or liquidity support, as the case may be, so that at all times while any of the Bonds bear interest at the Variable Rate or the Reset Rate such Bonds shall be entitled to credit support and to the liquidity support required by such mode; provided that in no event shall Freddie Mac be obligated to provide only liquidity or credit support if any Person other than Freddie Mac provides either liquidity or credit support. During the Fixed Rate Period, the Bonds shall be entitled to credit support only and no Alternate Credit Facility may be provided.

(b) The Alternate Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the Interest Requirement (or otherwise provide coverage satisfactory to the Rating Agency); (ii) 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 extraordinary mandatory date fixed for redemption pursuant to the Indenture; (iii) if the Alternate Credit Facility is provided to secure Bonds during a Reset Period, provide an expiration date no earlier than the earliest of (A) the day following the Reset Adjustment Date immediately succeeding the Reset Period; (B) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default under the Financing Agreement or a default under and as defined in the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (C) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; and (D) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Reimbursement Agreement; (iv) unless waived by the Issuer in its sole discretion, result in the Bonds receiving a long term rating or short term rating, or both, as applicable for the mode then in effect, for the long term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses, and for the short term rating in the highest rating category of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(c) In connection with the delivery of an Alternate Credit Facility, the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility, its enforceability, that the statements made relating to the Alternate Credit Facility and Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bonds are true and correct, that the Alternate Credit Facility is not required to be registered under the Securities Act of 1933, and, if required by the Rating Agency, that payments made by the Alternate Credit Facility Provider pursuant to the Alternate Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or

against the Borrower, a general partner of the Borrower or by the Issuer under the Bankruptcy Code; (ii) an Opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion of the interest payable on the Bonds from gross income, for federal income tax purposes; and (iii) the delivery of a continuing disclosure agreement if required by the Financing Agreement.

ESTIMATED SOURCES AND USES OF FUNDS

The total permanent project costs of the Project are estimated by the Borrower to be $46,155,868, not including interim sources or uses of funds or accrued interest on the Bonds. The sources and uses of funds for the Project are projected to be approximately as follows:

Sources of Funds	
Bond Proceeds	$25,444,154
Seller Financing	1,000,000
Borrower Contribution (including cash flow)	8,151,223
Tax Credit Equity	11,560,490
Total	$46,155,868
Uses of Funds	
Land & Existing Structures	$19,200,000
Hard Construction Costs	14,257,458
Soft Construction Costs/Financing Costs	12,146,468
Bond Costs of Issuance	281,942
Total	$46,155,868

FREDDIE MAC

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Official Statement, which means that Freddie Mac is disclosing information to you by referring you to those documents rather than by providing you with separate copies. Freddie Mac incorporates by reference in this Official Statement its proxy statement, and all documents that Freddie Mac files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the offering of the related Bonds, excluding any information that Freddie Mac may "furnish" to the SEC but that is not deemed to be "filed." Freddie Mac also incorporates by reference its Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008 (the "Registration Statement"). These documents are collectively referred to as the "Incorporated Documents" and are considered part of this Official Statement. You should read this Official Statement, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Official Statement. Therefore, you should rely only on the most current information provided or incorporated by reference in this Official Statement.

You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's web site at http://www.sec.gov.

Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreement.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS,

BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED THEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

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

The obligations of the Borrower to Freddie Mac under the Credit Enhancement Agreement are evidenced by the Reimbursement Agreement. The following is a brief summary of the Reimbursement Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Reimbursement Agreement, a copy of which is on file with the Trustee.

Under the Reimbursement Agreement, the Borrower has promised to repay Freddie Mac all sums of money Freddie Mac has advanced to the Trustee for the Guaranteed Payments made on the Bond Mortgage Loan as well as any payments made for Purchased Bonds upon a failed remarketing. The Reimbursement Agreement also provides that the Borrower will pay the Freddie Mac Credit Enhancement Fee, the Servicing Fee and other fees and expenses as provided therein.

Under the provisions of the Reimbursement Agreement, Freddie Mac may declare an event of default if:

(a) the Borrower fails to pay when due any amount payable by the Borrower under the Reimbursement Agreement, including, without limitation, any fees, costs or expenses;

(b) the Borrower fails to perform its obligations under the Reimbursement Agreement to deliver a subsequent Hedge, to provide notice or satisfactory evidence required in the Reimbursement Agreement or to provide an executed counterpart of a subsequent Hedge when required by the Reimbursement Agreement;

(c) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in the Reimbursement Agreement which failure continues for a period of 30 days after notice of such failure by Freddie Mac to Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Freddie Mac's sole discretion, adversely affect Freddie Mac or result in impairment of the Reimbursement Agreement, the Bond Mortgage, the Reimbursement Mortgage or any other Reimbursement Security Documents, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion; provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in Freddie Mac's judgment, absent immediate exercise by Freddie Mac of a right or remedy under the Reimbursement Agreement, result in harm to Freddie Mac, impairment of the Reimbursement Agreement, the Bond Mortgage, the Reimbursement Mortgage or any other Reimbursement Security Documents;

(d) the Borrower fails to observe or perform any other term, covenant, condition or agreement set forth in any of the other Borrower Documents or there shall otherwise occur an "Event of Default" under the Reimbursement Mortgage or an event of default under any of the other Borrower Documents (taking into account any applicable cure period);

(e) any representation or warranty made by or on behalf of the Borrower in the Reimbursement Agreement, in any other Borrower Document or in any certificate delivered by the Borrower to Freddie Mac or to the Servicer pursuant to the Reimbursement Agreement or any other Borrower Document shall be inaccurate or incorrect in any material respect when made or deemed made;

(f) Freddie Mac shall have given the Borrower written notice that Purchased Bonds have not been remarketed as of the ninetieth (90th) day following purchase by the Trustee on behalf of the Borrower and the Borrower has not reimbursed Freddie Mac for the applicable Liquidity Advance or Liquidity Withdrawal and Liquidity Use Fee or has not paid in full all fees and other amounts due to Freddie Mac under the Reimbursement Agreement;

(g) a Reset Period expires and the Borrower has not either received the prior written consent of Freddie Mac to a change in interest mode or the maintenance of the existing mode or delivered an Alternate Credit Facility in accordance with the terms of the Bond Documents; or

(h) a default or event of default occurs under the terms of any other indebtedness permitted to be incurred by the Borrower (after taking into account any applicable cure period).

Upon an event of default, Freddie Mac may declare all the obligations of the Borrower under the Reimbursement Agreement to be immediately due and payable, in which case all such obligations shall become due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration. In addition to the foregoing, Freddie Mac may take any other action at law or equity, without notice or demand, as it deems advisable to protect and enforce its rights against the Borrower in and to the Project conveyed by the Reimbursement Mortgage or the Bond Mortgage, including, but not limited to the following actions: demand cash collateral or Qualified Investments in the full amount of the obligations under the Bonds whether or not then due and payable by Freddie Mac under the Credit Enhancement Agreement; give written notice to the Trustee stating that an event of default has occurred and is continuing hereunder and directing the Trustee to cause the mandatory redemption (or purchase in lieu) of the Bonds; or exercise any rights and remedies available to Freddie Mac under any of the Borrower Documents. Freddie Mac shall also have the right to exercise any and all remedies available under the Illinois Uniform Commercial Code.

Freddie Mac shall have the right, to be exercised 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 and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

The obligations of the Borrower under the Reimbursement Agreement will be secured by the Reimbursement Mortgage. Bondholders will have no rights under and are not third-party beneficiaries under the Reimbursement Mortgage.

THE BORROWER AND THE PROJECT

The information under this heading has been provided solely by the Borrower and has not been independently verified by the Issuer, the Underwriter, the Remarketing Agent, Freddie Mac, the Servicer

or any of their respective counsel, members, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter, the Remarketing Agent, Freddie Mac, the Servicer or any of their respective counsel, members, officers or employees.

The Project

The Project, to be known as Whispering Oaks Apartments, will be located on an approximately 21.73 acre site on 2401 - 2443 West Dugdale Road, in the City of Waukegan, Illinois. Construction is expected to commence in January 2009 and be completed in December 2010. The Project will contain 405 units located in 22 buildings.

The Project amenities are expected to include playground, laundry facility, limited access gate, parking lot, security patrol, on-site management & maintenance. The Project is expected to include 578 parking spaces.

Unit amenities are expected to include range/oven, refrigerator, tile, coat closet and balcony. The unit mix of the Project is as follows:

Number Of Units	Composition	Approximate Square Footage
140	1 Bedroom – 1 Bath	650
176	2 Bedroom – 1 Bath	900
89	3 Bedroom – 2 Bath	1,005

Regulatory Agreements

Tax Regulatory Agreement. The Regulatory Agreement and Declaration of Restrictive Covenants (the "Tax Regulatory Agreement") imposes certain requirements with respect to the tax exempt status of the interest on the Bonds under the Code, which include a set aside of 40% of the units for rental to persons or families having incomes at or below 60% of area media gross income, adjusted for family size and determined in accordance with the Section 142(d) of the Code. See "SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT" for a description of the requirements affecting the operation of the Project in order to assume compliance with the Code.

Other Land Use Restriction Agreements. In addition, in connection with the low income housing tax credits being allowed to the Borrower in connection with the Project, the Borrower will execute another Land Use Restriction Agreement in accordance with Section 42 of the Code. The Land Use Restriction Agreement will, among other things, require that the Borrower lease 100% of the units in the Project to tenants earning 60% or less of the area median gross income, with the rents on these units being limited to 30% of an amount equal to 60% of area median income, adjusted for family size, all in accordance with Section 42 of the Code.

The Borrower

The Borrower is Whispering Oaks Associates, L.P., formed for the sole purpose of acquiring, constructing and operating the Project. The general partner of the Borrower is ATWO, LLC (the "General Partner") owning a 0.01% ownership interest in the Borrower.

Principals of the General Partner and its affiliates have been in the business of acquiring, owning and operating apartment complexes since approximately 1975, and currently own and operate 3 apartment complexes containing approximately 868 units in the State of Illinois.

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

Low Income Housing Tax Credits

Simultaneously with the issuance of the Bonds, the Borrower expects to sell to an affiliate or affiliates of Whispering Fund, LLC (the "Tax Credit Partner") a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the tax credit equity is expected to total approximately $_____, with an initial contribution of $_____ anticipated to be funded at the Bond Closing. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

The Contractor

The Contractor for the Development will be Westside Rehab Corporation, a California Corporation (the "Contractor"). The Contractor and its affiliated construction companies have been constructing and rehabilitating multifamily rental housing developments since 2002.

The Architect

The architect for the Development is Brookie Architecture and Planning, Inc. (the "Architect"). The Architect has been the principal architect for over 20 multifamily developments with an excess of 600 units throughout the United States.

Property Management

The Project will be managed by Alpha Property Management, Inc. (the "Manager"). The Manager has been involved in the management of apartment complexes since 1975 The Manager currently manages 1 apartment complex comprising a total of approximately 405 units located in the State of Illinois.

Limited Recourse to Borrower

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

THE SERVICER

Prudential Affordable Mortgage Company (the "Servicer") will perform mortgage servicing functions with respect to the Bond Mortgage Loan on behalf of and in accordance with Freddie Mac requirements. The servicing arrangements between Freddie Mac and the Servicer for servicing the Bond Mortgage Loan are solely between Freddie Mac and the Servicer and neither the Issuer nor the Trustee is deemed to be a party thereto or has any claim, right, obligation, duty or liability with respect to the servicing of the Bond Mortgage Loan.

The Servicer will be obligated, pursuant to its arrangements with Freddie Mac and Freddie Mac's servicing requirements, to perform diligently all services and duties customary to the servicing of mortgages, as well as those specifically prescribed by Freddie Mac. Freddie Mac will monitor the Servicer's performance and has the right to remove the Servicer with or without cause. The duties performed by the Servicer include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts and collection of insurance claims.

CERTAIN BONDHOLDERS' RISKS

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

No Borrower Personal Liability

The Borrower has not been nor will it be (subject to certain exceptions to non-recourse liability for the benefit of Freddie Mac set forth in the Financing Agreement and the mortgage instruments) personally liable for payments on the Bond Mortgage Loan, nor will the Borrower be (subject to certain exceptions to non-recourse liability set forth in the Bond Mortgage and subject to certain exceptions to non-recourse liability set forth in the Financing Agreement with respect to the Issuer and the payment of the rebate amount) personally liable under the other documents executed in connection with the Bonds and the making of such Bond Mortgage Loan. All payments on the Bond Mortgage Loan are expected to be derived from revenues generated by the Project.

Credit Facility; Primary Security

While the Bonds bear interest at the Variable Rate, owners of the Bonds may tender their Bonds for purchase at any time upon seven days' notice. See "THE BONDS—Demand for and Mandatory Purchase of the Bonds." It is therefore expected that, during any Variable Period, the primary security for the Bonds will be the Credit Enhancement Agreement delivered by Freddie Mac to the Trustee in order to pay the principal, interest and purchase price for the Bonds. See "—Enforceability and Bankruptcy" below. Based on this expectation, no financial information as to the creditworthiness of the Borrower or the value of the Project is included herein.

It is possible, in the event of the insolvency of the Credit Facility Provider, or the occurrence of some other event precluding the Credit Facility Provider from honoring its obligations to make payments as stated in the Credit Facility, that the financial resources of the Borrower will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrower would be sufficient to pay the principal, premium if any, and interest on the Bonds in the event the Trustee were forced to seek recourse against the Borrower. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Limited Security

The Bonds are special limited obligations of the Issuer payable solely from certain funds pledged to and held by the Trustee pursuant to the Indenture.

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

THE BONDS ARE NOT SUBJECT TO ACCELERATION OR REDEMPTION (UNLESS FREDDIE MAC SHALL CAUSE, IN ITS SOLE DISCRETION, SUCH ACCELERATION OR REDEMPTION), AND THE RATE OF INTEREST ON THE BONDS IS NOT SUBJECT TO RETROACTIVE ADJUSTMENT, BY REASON OF THE INTEREST ON THE BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION. Such event could occur if the Borrower (or any subsequent owner of the Project) does not comply with the provisions of the Financing Agreement and the Regulatory Agreement, which are designed, if complied with, to satisfy the continuing compliance requirements the Internal Revenue Code of 1986, as amended (the "1986 Code"), in order for the interest on the Bonds to be excludible from gross income for purposes of federal income tax. Under such circumstances, interest on the Bonds might become subject to federal income taxation retroactively to the date of issuance or some other subsequent date.

Early Redemption

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest in the event such Bonds are redeemed prior to maturity. This could occur, for example, in the event that the Bond Mortgage Loan is prepaid as a result of a casualty or condemnation award payments affecting the Project or there is a default under the Bond Mortgage. See "THE BONDS—Mandatory Redemption."

Economic Feasibility

The economic feasibility of the Project depends in large part upon it being substantially occupied at projected rent levels. There can be no assurance that in the future the Borrower will be able to market its services at rates which will enable it to make timely payments on the Bond Mortgage Loan.

Competing Facilities

The Issuer, the Borrower, and persons who may or may not be affiliated with the Issuer or the Borrower may own, finance, develop, construct, and operate other facilities in the area of the Project that could compete with the Project. Any competing facilities, if so constructed, could adversely affect occupancy and revenues of the Project.

Enforceability and Bankruptcy

The remedies available to the Trustee and the holders of the Bonds upon an event of default under the Financing Agreement, the Credit Enhancement Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay.

Under existing laws and judicial decisions, the remedies provided under the aforesaid documents may not readily be available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the aforesaid documents will be qualified to the extent that the

enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

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 Project, 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 Project, and which may affect the realizable value of the real estate and other collateral securing payment of the Bonds.

Environmental Matters

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

Management of the Project

The successful operation of the Project will depend, to a large extent, upon the management services provided by the manager of the Project and upon the ability of the Borrower to lease the units, keeping the Project substantially occupied through the term of the Bonds. There is no assurance that the manager will operate the Project on a profitable basis. There can be no assurance that the Project will be operated in a manner which will provide sufficient moneys to pay principal and interest on the Bonds and to operate and maintain the Project. See "THE BORROWER AND THE PROJECT."

Effect of Increases in Operating Expenses

It is impossible to predict future increases in operating expenses. Substantial increases in operating expenses will affect future net operating income of the Project and the ability of the Borrower to meet its debt service obligations, primarily, its reimbursement obligations to the Credit Facility Provider.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Establishment of Funds

In addition to the Bond Mortgage Loan Fund and the Bond Purchase Fund established pursuant to the Indenture, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which shall be disbursed and applied only as therein authorized:

(a) Revenue Fund, and within the Revenue Fund a General Account and a Credit Facility Account;

(b) Bond Fund and within the Bond Fund a Purchased Bonds Account;

(c) Redemption Fund;

(d) Administration Fund;

(e) Cost of Issuance Fund;

(f) Principal Reserve Fund; and

(g) Rebate Fund.

The Trustee shall, at the written direction of an authorized representative of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the funds established thereunder, or result in commingling of funds not permitted thereunder.

Application of Bond Fund

The Trustee shall charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due (excluding principal on any Purchased Bond). Any money remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date shall be transferred to the Servicer for payment to the Credit Facility Provider to be applied in accordance with the Reimbursement Agreement.

Income realized from the investment or deposit of money in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

No amount shall be charged against the Bond Fund except as expressly provided in the Indenture.

Application of Redemption Fund

Any money credited to the Redemption Fund shall be applied as set forth in the Indenture; provided, however, that to the extent any money credited to the Redemption Fund from Eligible Funds (other than draws under the Credit Facility) is in excess of the amount necessary to effect the redemptions described in the Indenture it shall be applied to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in accordance with the Indenture in the General Account of the Revenue Fund and the Administration Fund are insufficient to make up such deficiency, provided that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or money which are held for payment of Bonds which are no longer Outstanding under the Indenture shall be so transferred to the Bond Fund.

On or before each Interest Payment Date, the income realized from the investment of money in the Redemption Fund shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Redemption Fund except as expressly provided in the Indenture.

Application of Administration Fund

Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used FIRST, in accordance with the Indenture, to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in the General Account of the Revenue Fund are insufficient to make up such deficiency; SECOND, to pay to the Trustee when due the Ordinary Trustee's Fees and Expenses; THIRD, to pay to the Issuer when due the Issuer Fee; FOURTH, to pay the reasonable fees and expenses of a Rebate Analyst when due in connection with the computations relating to arbitrage rebate required under the Indenture and the Financing Agreement, upon receipt of an invoice from the Rebate Analyst; FIFTH, to deposit to any Custodial Escrow Account any deficiency in the amount held therein as certified in writing by the Servicer (or subsequent holder of the account) to the Trustee; SIXTH, to pay to the Remarketing Agent any unpaid portion of the Remarketing Agent Fee owed to it; SEVENTH, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Issuer and Freddie Mac; EIGHTH, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or the Indenture from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; NINTH, to pay to the Credit Facility Provider any unpaid portion of the amounts due under the Reimbursement Agreement, as certified in writing by the Credit Facility Provider to the Trustee; TENTH, to pay to the Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; ELEVENTH, to make up any deficiency in the Redemption Fund on any date fixed for redemption of Bonds, to the extent money then available in accordance with the Indenture in the Redemption Fund are insufficient to redeem Bonds called for redemption on such date fixed for redemption; TWELFTH, to pay to the Rating Agency when due the annual rating maintenance fee, if any; and THIRTEENTH, to transfer any remaining balance after application as aforesaid to the General Account of the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.

On or before each Interest Payment Date, the income realized from the investment of money in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in the Indenture.

Principal Reserve Fund

There shall be deposited into the Principal Reserve Fund the Principal Reserve Schedule Payments. Any interest earned on or profits realized from amounts on deposit in the Principal Reserve Fund shall be deposited into the Principal Reserve Fund and, provided that the Trustee has not received notice from the Servicer of a deficiency in the Principal Reserve Fund, the Hedge Fee Escrow or other Custodial Escrow Account, and there is no deficiency in the Administration Fund or the Rebate Fund, and the Trustee has not received notice that a default exists under any of the Bond Mortgage Loan Documents, shall be paid to the Borrower on the Interest Payment Date next succeeding receipt of such interest or profits by the Trustee. In addition, there shall be deposited into the Principal Reserve Fund remarketing proceeds relating to Purchased Bonds, which shall be used to reimburse the Credit Facility Provider in an amount equal to the amount of any Liquidity Advance paid to the Trustee to purchase Bonds on any Settlement Date.

At the direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be used by the Trustee to pay any amounts required to be paid by the Borrower under any Bond Mortgage Loan Document, to pay any amounts owed to the Credit Facility Provider in connection with any loan purchased by the Credit Facility Provider and secured by the Project, or to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider; provided that the amounts on deposit in the Principal Reserve Fund shall, upon the occurrence of an event of default under any Bond Mortgage Loan Document, be used in any manner and for any purpose specified by the Credit Facility Provider.

At the request of the Borrower, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Borrower (in which case the Trustee shall release such amounts to the Borrower, provided that if, in the judgment of the Rebate Analyst, the amount on deposit in the Rebate Fund at such time is less than the amount required under the Indenture to be rebated to the United States Treasury, then prior to any such release to the Borrower, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) reduce or no longer require deposits to the Principal Reserve Fund.

On each Reset Adjustment Date, Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to the Indenture.

On the first day of the month in which an Interest Payment Date falls during a Reset Period or a Fixed Rate Period, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to the Indenture.

On any Interest Payment Date, to the extent of any deficiency in the Bond Fund, to the extent money then available in accordance with the Indenture in the General Account of the Revenue Fund, the Administration Fund and the Redemption Fund are insufficient to make up such deficiency, at the direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be transferred to the Bond Fund in the amount of such deficiency.

Unless notified in writing to the contrary by the Credit Facility Provider, during a Variable Period, all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest integral multiple of $100,000 or any integral multiple of $5,000 greater than $100,000) on the tenth Business Day prior to the first day of March in each year shall be transferred on the first Business Day of each March to the General Account of the Redemption Fund to reimburse the Credit Facility Provider for draws in the same amount to effect redemptions of Bonds pursuant to the Indenture.

Any amounts remaining in the Principal Reserve Fund after payment in full of the principal of and interest on the Bonds shall be applied as provided in the Indenture.

Investment of Funds

The money held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any money attributable to each of the funds and accounts under the Indenture (except the Principal Reserve Fund and the Bond Purchase Fund, the investment of which is provided for in the Indenture) shall be invested by the Trustee, at the written direction of the Borrower, in Qualified Investments which mature on the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Trustee shall have entered into any investment agreement requiring investment of money in any fund or account under the Indenture in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements; and provided, further, that amounts in the Credit Facility Account of the Revenue Fund shall be invested only in Government Obligations or in Qualified Investments of the type described in subparagraph (g) of the definition thereof which, in any case, shall mature or be subject to tender or redemption at par on or prior to the earlier of: (i) 30 days from the date of investment or (ii) the date such money is required to be applied pursuant to the provisions of the Indenture. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments. In the absence of the written direction of the Borrower, the Trustee shall invest amounts on deposit in the funds and accounts established under the Indenture in investments described in subparagraph (g) of the definition of Qualified Investments. Such investments may be made through the investment or securities department of the Trustee or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. All such Qualified Investments purchased with money in any fund or account under the Indenture shall mature, or shall be subject to redemption or withdrawal without discount or penalty at the option of the Trustee, prior to the next succeeding Interest Payment Date. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments.

Amounts on deposit in the Principal Reserve Fund shall be invested and reinvested by the Trustee as provided in the Reimbursement Agreement.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in the Indenture, the interest thereon and any profit arising on the sale thereof shall be credited to the General Account of the Revenue Fund, and any loss resulting on the sale thereof shall be charged against General Account of the Revenue Fund. Such investments shall be sold at the best price reasonably obtainable whenever it shall be necessary so to do in order to provide money to make any

transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted thereby as an investment of money in that fund or account.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur. To the extent permitted by law, in the Indenture the Issuer specifically waives compliance with 12 C.F.R. 12 and thereby notifies the Trustee thereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture.

In computing for any purpose under the Indenture the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the United States of America, and neither the Borrower, the Issuer, the Credit Facility Provider nor the Bondholders shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Certificate.

Cost of Issuance Fund

The Trustee shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter, upon delivery to the Trustee of appropriate invoices for such expenses and a requisition in the form attached as an exhibit to the Indenture. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

Moneys Held in Trust

All money held by the Trustee, as such, at any time pursuant to the terms of the Indenture has been assigned, transferred and set over in the Indenture unto the Trustee in trust for the purposes and under the terms and conditions of the Indenture.

Amounts Remaining in Funds

After full payment of the Bonds (or provision for payment thereof having been made in accordance with the Indenture) and full payment of the fees, charges and expenses of the Issuer and the Trustee and other amounts required to be paid under the Indenture or under any Bond Mortgage Loan Document, including, but not limited to, the Credit Facility and the Reimbursement Agreement, any amounts remaining in any fund or account under the Indenture other than the Rebate Fund shall be paid to the Borrower; provided however, that if a default shall have occurred and remain uncured under any Bond Mortgage Loan Document of which the Trustee shall have received written notice from the Credit Facility

Provider or the Servicer, then any such amounts remaining in any fund or account thereunder shall be paid to the Credit Facility Provider in accordance with the Reimbursement Agreement.

Events of Default; Acceleration; Remedies

Each of the following shall be an event of default with respect to the Bonds (an "Event of Default") under the Indenture:

(a) failure to pay the principal or Purchase Price of, premium, if any, or interest on any Bond (other than Purchased Bonds) when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for redemption thereof, by acceleration or otherwise; or

(b) failure by the Credit Facility Provider to make when due a required payment under the Credit Facility; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer set forth in the Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified in the Indenture for particular defaults) after written notice thereof (which notice shall be effective only with the written consent of the Credit Facility Provider if no Event of Default has occurred and is then continuing under paragraph (b) above) to the Issuer from the Trustee or the Owners of the Bonds of more than 51% of the aggregate principal amount of the Bonds then Outstanding at such time, specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Issuer commences the required cure within such thirty (30) day period and continues the cure with diligence and the Issuer reasonably anticipates that the default could be cured within sixty (60) days, the Issuer shall have sixty (60) following receipt of such notice to effect the cure.

The Trustee and the Issuer agree that, notwithstanding the provisions thereof, no default under the terms of the Indenture shall be construed as resulting in a default under the Bond Mortgage Note, the Bond Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes an event of default thereunder.

The Trustee will immediately notify the Issuer, the Remarketing Agent, the Servicer and the Credit Facility Provider after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Upon the occurrence of a paragraph (a) Event of Default, the Trustee shall, but so long as no paragraph (b) Event of Default has occurred and is then continuing, only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable and interest on the Bonds shall cease to accrue, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

Upon the occurrence of a paragraph (c) Event of Default, the Trustee may, but so long as no paragraph (b) Event of Default has occurred and is then continuing, only upon receipt of the written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and

interest shall thereupon become and be immediately due and payable and interest on the Bonds shall cease to accrue, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

Upon the occurrence of a paragraph (b) Event of Default, the Trustee may, and upon the written request of the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity satisfactory to it shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable and interest on the Bonds shall cease to accrue upon such declaration, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of a paragraph (a) or (c) Event of Default shall be made from the Credit Facility.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or the Credit Facility Provider, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Reimbursement Agreement (including with respect to Freddie Mac all outstanding Freddie Mac Reimbursement Amounts and all Freddie Mac Credit Enhancement Fees) shall have been paid in full, and all other defaults under the Indenture shall have been made good or cured or waived in writing by the Credit Facility Provider (or, if a paragraph (b) Event of Default has occurred and is then continuing, by the Owners of the Bonds of more than 51% of the aggregate principal amount of the Bonds then Outstanding), then and in every case, the Trustee on behalf of the Owners of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Owners of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no paragraph (b) Event of Default has occurred and is continuing), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Owners of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights; provided that, so long as no paragraph (b) Event of Default has occurred and is then continuing, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding and to require the Issuer or the Credit Facility Provider to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, the Bond Resolution, the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture; and

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

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Credit Facility Provider or the Bondholders under the Indenture or under the Financing Agreement, the Tax Regulatory Agreement, the Credit Facility or the Reimbursement Agreement, as applicable, or now or thereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture, whether by the Trustee, the Credit Facility Provider or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

In all events the rights of the Trustee to exercise remedies under the Indenture upon the occurrence of an Event of Default shall be subject to the provisions of the Intercreditor Agreement.

Rights of Bondholders

If a paragraph (b) Event of Default shall have occurred and is then continuing, and if requested in writing so to do by the Owners of the Bonds of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem to be in the best interests of the affected Bondholders. If a paragraph (b) Event of Default shall have occurred and is then continuing, the Owners of the Bonds of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of the Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder, in accordance with the provisions of law and of the Indenture.

Rights of the Credit Facility Provider

If an Event of Default as described under paragraph (a) or (c) under "Events of Default; Acceleration; Remedies" above has occurred and so long as no Paragraph (b) Event of Default has occurred and is continuing, upon receipt of the written direction of the Credit Facility Provider (which direction may be given in the sole discretion of the Credit Facility Provider), the Trustee shall be obligated to exercise any right or power conferred by the Indenture in the manner set forth in such written direction of the Credit Facility Provider. If such written direction expressly states that the Trustee may

exercise one or more of the rights and powers conferred in the Indenture as the Trustee shall deem to be in the interest of the Bondholders and the Credit Facility Provider, the Trustee shall exercise one or more of such rights and powers as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders and the Credit Facility Provider; provided, however, that in any event, so long as no paragraph (b) Event of Default has occurred and is then continuing, the Trustee may not undertake any action to realize, through sale or otherwise, upon the Bond Mortgage Loan without the express written direction of the Credit Facility Provider. So long as no paragraph (b) Event of Default has occurred and is then continuing, in the case of a paragraph (a) or (c) Event of Default, the Credit Facility Provider shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder, in accordance with the provisions of law and of the Indenture.

Supplemental Indentures

The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) to cure any formal defect, omission, inconsistency or ambiguity therein in a manner not materially adverse to the Owner of any Bond to be Outstanding after the effective date of the change;

(b) to grant to or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with the Indenture or the rights of the Trustee thereunder as theretofore in effect;

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

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

(e) to make such additions, deletions or modifications as may be necessary, in the Opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(f) to modify, amend or supplement the Indenture as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will adversely affect the interests of the Owners of the Bonds to be Outstanding after the effective date of the change;

(g) during a Variable Period, to modify, amend or supplement the Indenture in any other respect, including amendments which would otherwise be described in the Indenture, if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least thirty (30) days before the effective date thereof and, on

or before such Delivery Date, the Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture;

(h) to modify, alter, amend or supplement the Indenture in connection with the delivery of any Alternate Credit Facility or upon the occurrence of any Reset Adjustment Date, Variable Rate Adjustment Date or Fixed Rate Adjustment Date;

(i) to implement or modify any secondary market disclosure requirements; and

(j) to modify, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in the Indenture.

With the prior written consent of the Credit Facility Provider, the Owners of more than 51% of the aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in this paragraph shall permit, or be construed as permitting, (a) an extension of the time for payment of or reduction in the Purchase Price, or an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Bond Mortgage Note, without the consent of the Owners of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of the Indenture, (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Owners of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds or (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes.

Trustee

The Trustee, prior to an Event of Default as defined in the Indenture and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in the Indenture. The Trustee, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligence or willful misconduct, except to the extent set forth in the Indenture.

Except as otherwise provided in the Indenture, the Trustee may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the purportedly proper party or parties.

In the administration of the trusts of the Indenture, the Trustee may execute any of the trusts or powers granted by the Indenture directly or through its agents or attorneys, and the Trustee may consult with counsel (who may be counsel for the Issuer, the Servicer or the Credit Facility Provider) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it under the Indenture in good faith and in accordance with the opinion of such counsel.

Whenever in the administration of the trusts of the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action under the Indenture, such matters (unless other evidence in respect thereof be specifically prescribed in the Indenture), may in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Issuer or the Borrower and such certificate shall in the absence of bad faith on the part of the Trustee be full warrant to the Trustee for any action taken or permitted by it under the provisions of the Indenture, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable.

The recitals in the Indenture and in the Bonds (except the Trustee's Certificate of Authentication thereon) shall be taken as the statements of the Issuer and the Borrower and shall not be considered as made by or imposing any obligation or liability upon the Trustee. The Trustee makes no representations in the Indenture as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer or the Borrower to the Trust Estate, or as to the security of the Indenture, or of the Bonds issued under the Indenture, and the Trustee shall incur no liability or responsibility in respect of any of such matters.

The Trustee shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Trust Estate; and every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this paragraph.

The Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements in the Indenture or in any contracts or securities assigned or conveyed to or pledged with the Trustee under the Indenture, except Events of Default that are evident under paragraphs (a) or (b) under “Events of Default; Acceleration; Remedies” above. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in the Indenture except (a) or (b) unless the Trustee shall receive from the Issuer, the Credit Facility Provider or the Owners of more than 51 percent of the aggregate principal amount of the Bonds then Outstanding written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is not such default. Every provision contained in the Indenture or related instruments or in any such contract or security wherein the duty of the Trustee depends on the occurrence and continuance of such default shall be subject to the provisions of this paragraph.

None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

There shall at all times be a Trustee under the Indenture which shall be a bank with trust powers or a corporation organized and doing business under and in good standing under the laws of the United States of America or any state thereof authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 (or be a wholly owned subsidiary of an

association or corporation that has such combined capital and surplus), and subject to supervision or examination by Federal or state authority or be appointed by a court of competent jurisdiction pursuant to the Indenture. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Trustee under the Indenture and vested with all the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties thereto and shall also be and become successor Trustee in respect of the beneficial interest of the Trustee in the Bond Mortgage Loan.

The Trustee may at any time resign from the trusts created by the Indenture by giving written notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider, and by giving notice by certified mail or overnight delivery service to each Owner of the Bonds then Outstanding. Such notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider may be served personally or sent by certified mail. The resignation of the Trustee shall not be effective until a successor Trustee has been appointed, as provided in the Indenture, and such successor Trustee has agreed in writing to be bound by the duties and obligations of the Trustee under the Intercreditor Agreement. If no successor Trustee shall have been appointed and shall have accepted appointment within 60 days following delivery of all required notices of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time, with or without cause, by an instrument in writing signed by the Issuer with the consent of the Credit Facility Provider (which consent shall not be unreasonably withheld) and delivered to the Trustee, the Borrower, the Tender Agent and the Remarketing Agent, and if an Event of Default shall have occurred and be continuing, if other than a Paragraph (b) Event of Default, by a written instrument signed by the Credit Facility Provider and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent and the Remarketing Agent. If a Paragraph (b) Event of Default shall have occurred and be continuing, the Trustee may be removed by a written instrument or concurrent instruments in writing signed by the Owners of more than 51 percent of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider. The Trustee may also be removed by the Credit Facility Provider following notice to the Issuer and after a 30-day period during which the Issuer may attempt to cause the Trustee to discharge its duties in a manner acceptable to the Credit Facility Provider, and in each case written notice of such removal shall be given to the Servicer, the Borrower, the Remarketing Agent and to each Registered Owner of the Bonds then Outstanding as shown on the Bond Register. Any such removal shall take effect on the day specified in such written instrument(s), but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been appointed, and has accepted such appointment, and has agreed in writing to be bound by the duties and obligations of the Trustee under the Intercreditor Agreement.

In case at any time the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee under the Indenture, and the Issuer, with the written consent of the Credit Facility Provider, shall promptly appoint a successor Trustee, and give notice of such appointment to the Remarketing Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Issuer.

If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the Indenture within sixty (60) days following delivery of all required notices of resignation given pursuant to the Indenture or of removal of the Trustee pursuant to the Indenture, the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Satisfaction and Discharge of Indenture

If the Issuer shall pay or cause to be paid to the Owners of the Bonds the principal, interest and premium, if any, to become due thereon on the dates and in the manner stipulated therein, in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by (i) the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in the Indenture) to pay the principal, redemption price or Purchase Price and interest to the date established for purchase or redemption (calculated at the Maximum Rate to the extent the Bonds then bear interest at a Variable Rate for any period for which the Variable Rate on such Bonds has not yet been established pursuant to the Indenture) whether by redemption, purchase or otherwise, (ii) if the Bonds then bear interest at the Variable Rate, the delivery to the Trustee of a written confirmation by the Rating Agency of the rating then existing on the Bonds as of the date of such deposit or credit; and (iii) receipt by the Issuer and the Trustee of an Opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding; and shall have paid all amounts due and owing to the Credit Facility Provider under the Indenture and under the Credit Facility and the Reimbursement Agreement, including but not limited to the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee, and shall have paid all fees and expenses of the Trustee, the Servicer, the Tender Agent, the Remarketing Agent and each Paying Agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights thereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien thereof, and reconvey to the Issuer the estate thereby conveyed, and assign and deliver to the Issuer any interest in property at the time subject to the lien of the Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds, the payment of any amounts

owed to the United States of America pursuant to the Indenture or the payment of any amounts payable to the Credit Facility Provider.

Any Outstanding Bond shall prior to the maturity or date fixed for redemption thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph under this caption if, under circumstances which do not cause interest on the Bonds to become includible in the Owners' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to the Indenture, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the date fixed for redemption or maturity date thereof, as the case may be; (c) in the case of Bonds which do not mature or will not be redeemed within 60 days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid; and (d) the Trustee shall have received an opinion of nationally recognized bankruptcy counsel, if required by subpart (e) of the definition of "Eligible Funds" therein, to the effect that such money constitutes Eligible Funds.

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

In connection with the issuance of the Bonds, the Issuer, the Trustee and the Borrower will enter into the Financing Agreement. Pursuant to the terms of the Financing Agreement, the Issuer has agreed to use the proceeds of the Bonds to finance the Bond Mortgage Loan from the Trustee on behalf of the Bondholders to the Borrower, and the Borrower had agreed, among other things, to make all payments under the Financing Agreement when due and to abide by the 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, copies of which are on file with the Trustee.

Terms of the Bond Mortgage Loan

The Bond Mortgage Loan shall (a) be evidenced by the Bond Mortgage Note; (b) be initially secured by the Credit Facility; (c) be in the principal amount of $26,000,000; (d) bear interest as provided in the Bond Mortgage Note; (e) provide for monthly payments into the Principal Reserve Fund in accordance with the Principal Reserve Schedule; and (f) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided therein and in the Bond Mortgage Note.

The Servicer shall service the Bond Mortgage Loan pursuant to the Commitment and the Guide. The Issuer, the Trustee and the Borrower acknowledge and agree that (a) selection or removal of any Servicer is in the sole and absolute discretion of the Credit Facility Provider; (b) neither the Issuer nor the Trustee shall terminate or attempt to terminate any Servicer as the servicer for the Bond Mortgage Loan or appoint or attempt to appoint a substitute servicer for the Bond Mortgage Loan; (c) the Commitment and the Guide are both subject to amendment without the consent of the Trustee, the Issuer or the Borrower; and (d) none of the Trustee, the Issuer or the Borrower shall have any rights under, or be a third party beneficiary of, the Guide. The Servicer shall have the right to collect all payments made by the Borrower in connection with the Bond Mortgage Loan and to receive copies of all reports and notices provided for by the Bond Financing Documents.

Initial Deposits

On the Delivery Date, proceeds of the Bonds in the amount of $26,000,000 shall be deposited in the Bond Mortgage Loan Fund. Amounts in the Bond Mortgage Loan Fund are to be disbursed to the Borrower as provided in the Indenture. The Borrower will also deposit with the Trustee the sum sufficient to pay certain costs of issuance of the Bonds for credit to the Cost of Issuance Fund.

To the extent that amounts in the Cost of Issuance Fund are insufficient to pay all costs of issuing the Bonds, the Borrower will cause the payment of such additional costs of issuing the Bonds to be made on its behalf as such amounts become due.

Payments Under the Bond Mortgage Note; Independent Obligation of Borrower

In the Financing Agreement, The Borrower agrees to repay the Bond Mortgage Loan on the dates and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption (with premium, if applicable), acceleration, tender, purchase or otherwise. If the Borrower purchases or otherwise acquires an interest rate hedge with respect to the Bonds which is an interest rate swap whereby the Borrower's obligations thereunder are to make fixed rate payments and the obligations of the counterparty are to pay floating rate payments, the Borrower shall remain liable to make all payments necessary under the Financing Agreement to repay the Bond Mortgage Loan notwithstanding the payment by the Borrower of the fixed rate payments thereunder. The obligation of the Borrower to make the payments set forth in the Financing Agreement shall be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note shall be credited against the Borrower's obligations under the Financing Agreement on a dollar for dollar basis. If for any reason the Bond Mortgage Note or any provision of the Bond Mortgage Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Bond Mortgage Note or such provision of the Bond Mortgage Note shall be deemed to be the obligation of the Borrower pursuant to the Financing Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of the Financing Agreement and shall not serve to discharge any of the Borrower's payment obligations thereunder or eliminate the credit against such obligations to the extent of payments made under the Bond Mortgage Note.

The obligations of the Borrower to repay the Bond Mortgage Loan, to perform all of its obligations under the Bond Mortgage Loan Documents, to provide indemnification pursuant to the Financing Agreement, to pay costs, expenses and charges pursuant to the Financing Agreement and to make any and all other payments required by the Financing Agreement, the Indenture or any other documents contemplated by this Financing Agreement or by the Bond Mortgage Loan Documents shall, subject to the limitations set forth in the Financing Agreement, be absolute and unconditional and shall not be subject to diminution by setoff, recoupment, counterclaim, abatement or otherwise.

Payment of Certain Fees and Expenses Under the Bond Mortgage Note

In addition to the payments set forth in the Financing Agreement, payments to be made by the Borrower under the Bond Mortgage Note include certain money to be paid in respect of, among others, the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Counterparty in connection with any Hedge Agreement, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule payments pursuant to the Financing Agreement and amounts required to be deposited in a Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents, as set forth in the Financing Agreement. To the extent that any portion of the Bond Fee Component, the Ordinary Servicing Fees and

Expenses, the fixed rate payment to the Counterparty pursuant to the Hedge Agreement if the Hedge is an interest rate swap, the Remarketing Agent's fee, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule payments pursuant to the Financing Agreement and amounts required to be deposited in a Custodial Escrow Account remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in the Indenture or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses will be payable from moneys of the Borrower as provided in the Financing Agreement.

Prepayment of the Bond Mortgage Loan

The Borrower shall have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the outstanding Bonds in accordance with the provisions of the Indenture, the Financing Agreement, the Reimbursement Agreement and the Bond Mortgage Note, but only with the prior written consent of the Credit Facility Provider and the payment of any amount due under the next succeeding paragraph. The Borrower shall be required to prepay the Bond Mortgage Loan in each case that Bonds are required to be redeemed in accordance with the terms and conditions set forth in the Indenture.

In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower shall pay, or cause to be paid to the Servicer or other party as directed by the Credit Facility Provider (or, if no Credit Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), such premium to be paid in Eligible Funds not consisting of funds drawn under the Credit Facility, and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the date fixed for redemption, together with a sum sufficient to pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under the Financing Agreement, the Indenture and the Reimbursement Agreement. The Borrower shall provide notice of the prepayment to the Issuer, the Trustee, the Remarketing Agent, the Credit Facility Provider and the Servicer in writing forty five (45) days, or such shorter time as is possible in the case of mandatory prepayments, prior to the date on which the Borrower will make the prepayment. Each such notice shall state, to the extent such information is available (a) the amount to be prepaid, (b) the date on which the prepayment will be made by the Borrower, and (c) the cause for the prepayment, if any.

Borrower's Obligations Upon Redemption or Tender

In the event of any redemption of the Bonds prior to maturity, the Borrower will timely pay, or cause to be paid through the Servicer, to the Trustee an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the date fixed for redemption and premium, if any, such premium to be paid in Eligible Funds not consisting of funds drawn under the Credit Facility. In addition, the Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds. In the event that on any optional tender date or mandatory tender date under and as provided in the Indenture, Bonds are tendered and not remarketed by the Remarketing Agent, and remarketing proceeds are not available for the purpose of paying the purchase price of such Bonds, the Borrower will cause to be paid, under and subject to the terms of the Credit Facility and the Reimbursement Agreement, to the Trustee by the applicable times provided in the Indenture an amount equal to the principal amount of such Bonds tendered and not remarketed, together with interest accrued thereon to the optional tender date or mandatory tender date, as the case may be. The Borrower acknowledges that Purchased Bonds will be purchased by the Trustee for and on behalf of,

and registered in the name of, the Borrower and will be pledged to the Credit Facility Provider pursuant to the Pledge Agreement.

Tax Compliance

In the Financing Agreement, the Borrower has covenanted that it will not use the proceeds of the Bonds, the earnings thereon and any other moneys on deposit in any fund or account maintained in respect of the Bonds (whether such moneys were derived from the proceeds of the sale of the Bonds or from other sources) in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the 1986 Code, and has covenanted that it will comply with the provisions of the Proceeds Certificate applicable to the Borrower.

Events of Default and Remedies

Subject to the Financing Agreement and provisions of the Intercreditor Agreement, whenever any Event of Default under the Financing Agreement shall have occurred and be continuing, the Trustee or the Issuer where so provided may take any one or more of the following remedial steps:

(a) The Issuer shall cooperate with the Trustee as the Trustee acts pursuant to the Indenture.

(b) In the event any of the Bonds shall at the time be Outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may, without being required to give any notice (other than to the Issuer or the Trustee, as applicable), except as provided in the Financing Agreement, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(d) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under the Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Financing Agreement.

Any amounts collected pursuant to the Financing Agreement and any other amounts which would be applicable to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken under this section shall be applied in accordance with the provisions of the Indenture.

The provisions of the Financing Agreement summarized under this caption are subject to the further limitation that if, after any Event of Default under the Financing Agreement all amounts which would then be payable thereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and the Borrower shall have also performed all other obligations in respect of which it is then in default thereunder, and shall have paid the reasonable charges and expenses of the Issuer, the Trustee, the Servicer and the Credit Facility Provider, including reasonable attorneys' fees paid or incurred in connection with such default, and shall have paid all amounts owed to the Credit Facility Provider, including, but not limited to, any Freddie Mac Reimbursement Amounts and Freddie Mac Credit Enhancement Fees, and if there shall then be no default existing under the Indenture, then and in every such case such Event of Default shall be waived and

annulled, but no such waiver or annulment shall affect any subsequent or other Event of Default or impair any right consequent thereon.

Obligations of Borrower Are Non-Recourse

Except as described in the Financing Agreement, the obligations of the Borrower under the Financing Agreement are a non-recourse liability of the Borrower to the same extent as provided in the Bond Mortgage Loan Documents.

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a brief summary of certain provisions of the Regulatory Agreement pursuant to which the Bonds will be issued. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Trustee. Terms not otherwise defined in this section shall have the meaning assigned to them in the Indenture or the Regulatory Agreement.

Term of Restrictions

(a) ***Occupancy Restrictions:*** The term of the Occupancy Restrictions set forth below with respect to the Project shall commence on the date the Bonds are issued and end with respect to the Project on the latest of the date (i) which is 15 years after the date on which at least 60% of the residential units in the Project are first occupied following the acquisition, rehabilitation and installation thereof by the Borrower, (ii) which is the first day on which no Bond or other tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to the Project is outstanding (including any refunding of any such obligations), or (iii) on which any project-based assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is referred to as the "Qualified Project Period" for such Project).

(b) ***Rental Restrictions:*** The Rental Restrictions set forth below (the "Rental Restrictions") with respect to the Project shall remain in effect during the Qualified Project Period for the Project set forth in paragraph (a) above.

(c) ***Involuntary Termination.*** Notwithstanding the provisions of paragraphs (a) and (b) above, the Regulatory Agreement and all other restrictions thereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of the Regulatory Agreement, or condemnation or similar event; provided, that within a reasonable time period either (i) the Bonds are retired, or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this paragraph shall cease to apply (and the provisions of subsections (a) and (b) shall apply for the remainder of the Qualified Project Period) in the event of foreclosure, transfer of title by deed in lieu of foreclosure or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or any transferee or assignee of the Project or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a "Related Person") obtains an ownership interest in the Project for federal tax purposes.

(d) ***Termination.*** The Regulatory Agreement shall terminate with respect to the Project upon the earlier of (i) the termination of the Occupancy Restrictions and the Rental Restrictions, as provided in

Project Restrictions

The Borrower represents and warrants in the Regulatory Agreement, as of the date thereof, and covenants that:

(a) The Borrower has reviewed the provisions of the Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, meeting rooms, common areas, swimming pools, tennis courts, etc.) to the Project (the "Related Facilities") will be made available to all tenants of the Project on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Project be discriminatory or exclusionary as to the low income tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of the Project in accordance with the terms of the Regulatory Agreement or in connection with the delivery of the Reimbursement Mortgage, encumber any portion of the Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Project (except for apartment leases); or (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project; provided, that nothing in the Regulatory Agreement shall prohibit the Borrower from granting easements, operating leases and/or licenses of the Related Facilities, for the purpose of providing for the operation of the Related Facilities for the benefit of the Project.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of the Regulatory Agreement, and shall correct any noncompliance within 60 days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) The Project consists of a building or structure or several proximate buildings or structures of similar construction, each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land (separated only by streets or roads) which are owned, for Federal income tax purposes, at all times by one person, and may include facilities functionally related and subordinate thereto. Each such building or structure is a discrete edifice or other man-made construction, consisting of an independent foundation, outer walls and roof and containing five (5) or more similarly constructed units.

(f) All of the units in the Project contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Each unit contains a kitchen that includes a stove, a cooking range, a full-size refrigerator and sink. Continuing or frequent nursing, medical or psychiatric services will not be made available at the Project.

(g) None of the units in the Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium or rest home.

Occupancy Restrictions

Pursuant to Section 142 of the Code, the Issuer has elected in the Regulatory Agreement, and the Borrower thereby agrees, that the requirements of Section 142(d)(1) of the Code shall apply to the Project. The Borrower represents, warrants and covenants in the Regulatory Agreement that:

(a) At all times during the Qualified Project Period, at least 40% of the residential units in the Project shall be continuously occupied (or, only after the date on which the Bonds are issued, treated as occupied as provided in the Regulatory Agreement) by individuals whose aggregate adjusted income (computed in the manner described in the Regulations as specified in the Regulatory Agreement) does not exceed 60% of the median gross income, adjusted for family size, for the area in which the Project is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as amended (a "Qualifying Tenant"); provided, that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit shall not be deemed to be "Qualifying Tenants." For leases in existence on the date of the Regulatory Agreement, the determination of whether an individual or family meets the income requirement set forth in the Regulatory Agreement shall be made as of the date the Bonds are issued or, if desired, the date the current lease with respect to a unit was executed so long as it was executed no longer than 12 months prior to the date on which the Bonds are issued and on an annual basis thereafter, based solely for a determination made on or after the date of the Regulatory Agreement on an Income Certification. For leases executed on and after the date on which the Bonds are issued, the determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of a lease with respect thereto on and after the date on which the Bonds are issued and on an annual basis thereafter and shall be based upon Income Certifications. Any residential unit occupied by an individual or family on or after the date on which the Bonds are issued who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds 140% of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed 31 days, at which time the character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing 40% requirement, 0.40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) As a condition to occupancy of a unit on and after the date on which the Bonds are issued, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, the "Certification of Income" attached to the Regulatory Agreement (the "Income Certification") in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including

(c) The Borrower shall use or cause to be used in renting any residential units in the Project to a prospective Qualifying Tenant on and after the date on which the Bonds are issued, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Illinois law, for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All materials used to determine compliance with the provisions summarized under this caption and Income Certifications will be maintained on file at such Project so long as any Bonds are outstanding and for five years thereafter with respect to each Qualifying Tenant who occupied a residential unit in the Project during the period the restrictions are applicable, and the Borrower shall, upon request, make such Income Certifications available for inspection by the Trustee.

(e) On _____, 2009, and on the first day of each calendar quarter thereafter, the Borrower will submit to the Trustee the "Certificate of Continuing Program Compliance," in the form attached to the Regulatory Agreement, executed by the Borrower, stating the percentage of completed residential units in the Project which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant on and after the date on which the Bonds are issued) at all times during the preceding quarter and identifying Qualifying Tenants who commenced or terminated occupancy in the Project during such quarter.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department (with a copy to the Trustee), a certificate in the form that the Secretary prescribes that the Project continues to meet the requirements of Section 142 of the Code.

Rental Restrictions

The Borrower represents, warrants and covenants in the Regulatory Agreement that each residential unit in the Project will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in the Regulatory Agreement). Each Qualifying Tenant occupying a unit in the Project shall be required to execute a written lease which shall be effective for a term of at least six months. The costs of meals and other services shall not be included in the rent. Such meals and services, if any, shall be optional, and fair market value shall be charged for such meals and services.

Transfer Restrictions

For the Qualified Project Period, the Borrower shall sell, transfer, assign, convey, change title to or otherwise dispose of the Project or any interest therein (a "Transfer"), in whole or in part, only in accordance with the terms of the Financing Agreement. Further, any such sale, transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default under the Regulatory Agreement; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee with respect to assuming its obligations under the Regulatory Agreement and the Financing Agreement (the "Assumption Agreement"), which document shall be recorded in the Recorder's Office in The County of Lake, Illinois; (3) the Trustee shall have received an Opinion of Bond Counsel, which opinion is acceptable to the Trustee, to the effect that

such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Borrower shall deliver to the Trustee a certificate, acceptable in form to the Trustee, to the effect that the Borrower did not develop such Project with the intention of sale upon completion; (5) the Borrower shall deliver to the Trustee an opinion of counsel to the transferee, acceptable in form to the Trustee, that the transferee has duly assumed the obligations of the Borrower under the Regulatory Agreement and that such obligations and the Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Financing Agreement or as the Trustee may reasonably impose as part of the Assumption Agreement: (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that such Project is not acquired by a person which has pending against it, or which has a history of, building code violations, as identified by county, state or federal regulatory agencies; and (iii) to provide that indemnification of the Trustee pursuant to the Regulatory Agreement and elsewhere is assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of the Regulatory Agreement have been satisfied, the Trustee shall deliver a release to the Borrower with respect to any future compliance with the provisions of the Regulatory Agreement with respect to such Project, and the Issuer shall have delivered a release with respect to the Financing Agreement (subject to any further transfer restrictions in the Financing Agreement). The Borrower shall deliver the Assumption Agreement, along with opinions and certificates required by this subsection, to the Trustee at least ten business days prior to a proposed Transfer.

Covenants to Run with the Land; Successors Bond

In the Regulatory Agreement, the Borrower subjects the Project to the covenants, reservations and restrictions set forth in the Regulatory Agreement. In the Regulatory Agreement, the Borrower declares its express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law, and shall pass to and be binding upon the successors in title to the Project throughout the term of the Regulatory Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Freddie Mac Rider

During any period that Freddie Mac is the Credit Facility Provider, the Freddie Mac Rider attached as an exhibit to the Regulatory Agreement and made a part of the Regulatory Agreement by reference thereto, shall be in full force and effect.

SUMMARY OF CERTAIN PROVISIONS OF THE INTERCREDITOR AGREEMENT

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

The Issuer, the Trustee and Freddie Mac have agreed upon their respective rights arising from an Event of Default under any Bond Mortgage Loan Document in the Intercreditor Agreement. The following is a brief summary of certain provisions of the Intercreditor Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Intercreditor Agreement, a copy of which is on file with the Trustee.

Under the terms of the Intercreditor Agreement, the Issuer, the Trustee and Freddie Mac have agreed, among other things, that, until either (a) Freddie Mac fails to honor a draw properly presented in accordance with the terms of the Credit Enhancement Agreement or (b) the Credit Enhancement Agreement terminates in accordance with its terms and all of the Owner's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full, certain of the rights and remedies of the Issuer, the Trustee and Freddie Mac, under certain of the Bond Financing Documents, including (without limitation) the rights and remedies of the Trustee, as beneficiary of the Bond Mortgage under its terms, may be exercised only with the prior written consent of Freddie Mac, in its sole discretion, including (without limitation) the right to waive certain terms and conditions of certain of the Bond Financing Documents pertaining to the Borrower.

CONTINUING DISCLOSURE

So long as the Bonds bear interest at the Variable Rate or do not otherwise become subject to the Rule (as defined below), the Bonds are exempt from continuing disclosure pursuant to Rule 15c2-12 promulgated and amended by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"). In the event of conversion of the Bonds to a Reset Rate, conversion to the Fixed Rate, or the Bonds otherwise becoming subject to the Rule, the Borrower has agreed to execute and deliver to the Trustee a Continuing Disclosure Agreement upon the date of such conversion.

The Borrower will undertake all responsibility for any future continuing disclosure to Bondholders, and the Issuer will have no liability to the Owners of the Bonds or any other person with respect to such disclosure. Failure of the Borrower to comply with any Continuing Disclosure Agreement is not considered an Event of Default under the Indenture or the Financing Agreement; however, the Trustee, at the written request of any underwriter of the Bonds (if the underwriter is required to comply with Securities and Exchange Commission Rule 15c2-12(b)(5)) or the Owners of at least 25 percent in aggregate principal amount of Outstanding Bonds or the Credit Facility Provider, shall, but only to the extent funds or other indemnity in an amount satisfactory to the Trustee is furnished to it to hold the Trustee harmless from any loss, cost, expense or liability, including, without limitation, fees and expenses of its attorneys and additional fees of the Trustee, but only to the extent indemnified to its satisfaction, or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under the Financing Agreement with respect to continuing disclosure.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States of America, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Issuer and the Borrower have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Issuer and the Borrower with the above-referenced covenants, under present law, in the opinion of Chapman and Cutler LLP, Bond Counsel, (i) interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), (ii) is not included as an item of

tax preference in computing the federal alternative minimum tax for individuals and corporations and (iii) is not taken into account in computing "adjusted current earnings," as described below. The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include tax-exempt interest, but not interest on the Bonds. Bond counsel will express no opinion concerning the exclusion from gross income of interest on any Bond while the Bond is held by a liquidity provider after a failed remarketing of the Bonds, or with respect to any Bond that is remarketed after it has been held by a liquidity provider for 90 or more consecutive days.

In rendering its opinion, Bond Counsel will rely upon certificates of the Issuer and the Borrower with respect to certain material facts solely within the Issuer's and the Borrower's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price (the "Issue Price") for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States of America legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

UNDERWRITING

The Bonds are being purchased by Banc of America Securities LLC (the "Underwriter") for a price of 100% of the principal amount thereof. As consideration for its underwriting of the Bonds, the Underwriter will be paid an aggregate fee equal to .50% of the principal amount of the Bonds plus certain out of pocket expenses. The Underwriter has committed to purchase all of the Bonds if any of such Bonds are purchased and to use their best efforts to sell the Bonds. The Bonds are being offered for sale at the price set forth on the cover page of this Official Statement, which price may be lowered by the Underwriter from time to time without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or any account managed by them, at prices lower than the public offering prices.

The Underwriter has also been retained to serve as remarketing agent for the Bonds and will be paid an ongoing remarketing fee for those services.

RATINGS

It is a condition precedent to the Underwriter's acceptance of the Bonds on the date of issuance that Standard & Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc. (the "Rating Agency") has assigned the ratings to the Bonds as shown on the cover page of this Official Statement. The ratings reflect only the view of the Rating Agency, and an explanation of the significance of such ratings may be obtained directly from the Rating Agency. There is no assurance that the current ratings will continue for any given period of time or that the current ratings will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of the rating on a series of Bonds may have an adverse effect on the market price of such Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman Cutler LLP, Chicago, Illinois, as Bond Counsel, who has been retained by, and acts as, Bond Counsel to the Issuer. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except

that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Issuer, reviewed the information under the captions "THE BONDS" (other than under the caption "—Book-Entry Only System"), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," "SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT," "SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT," "TAX MATTERS" and applicable portions of the "INTRODUCTION" and in Appendix A and Appendix B. This review was undertaken solely at the request and for the benefit of the Issuer and did not include any obligation to establish or confirm factual matters set forth herein. The Bond Opinion will be limited to matters relating to authorization and validity of the Bonds and to the tax-exempt status of the interest on the Bonds as described herein under the caption "TAX MATTERS." Bond Counsel has not been engaged to investigate the financial resources of the Borrower, the Servicer, Freddie Mac or any other source of payment of the Bonds, and the Bond Opinion will make no statement as to such matters.

Certain legal matters will be passed upon for the Issuer by its counsel, Holland & Knight LLP, for the Borrower by its counsel, Resch Polster & Berger, LLP, Los Angeles, California and Hinshaw & Culbertson, LLC, Chicago, Illinois, special counsel to the Borrower, for Freddie Mac by its Legal Department and by its special counsel, Kutak Rock LLP, Omaha, Nebraska, and for the Underwriter by Eichner & Norris PLLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the execution and delivery of the Bonds as described herein.

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

NO LITIGATION

The Issuer

In connection with the issuance of the Bonds, the Issuer is delivering certificates to the effect that, to the knowledge of the authorized member of the Issuer, no litigation is pending or threatened against the Issuer (i) to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued, or 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

In connection with the issuance of the Bonds, the Borrower is delivering a certificate to the effect that, there are no pending or, to the knowledge of the Borrower, threatened proceedings 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 and the owners of the Bonds upon an Event of Default under the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Enhancement Agreement or any other document described herein 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 may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

MISCELLANEOUS

Brief descriptions of the Issuer, the sources of payment for the Bonds, the Bonds, the Project, the Borrower, the Servicer and Freddie Mac and a general summary of the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Enhancement Agreement, the Intercreditor Agreement and the Reimbursement Agreement are included in this Official Statement. All references herein to the Indenture, the Financing Agreement, the Regulatory Agreement, the Credit Enhancement Agreement, the Intercreditor Agreement, the 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 principal corporate trust office of the Trustee.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer, the Borrower, Freddie Mac or the Underwriter and the purchasers or owners of the Bonds.

This Official Statement has been approved and delivered by the Issuer.

THE COUNTY OF LAKE, ILLINOIS

By: _____
Name: Suzi Schmidt
Title: Chairman

[Counterpart signature page to Official Statement]

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, has been approved by the Borrower.

WHISPERING OAKS ASSOCIATES, L.P.,
an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3, LLC, a California limited liability company, its Manager

By: _____
Tim English, Managing Member

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. Terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Indenture or the Financing Agreement.

"Act" means 50 Illinois Compiled Statues 2006, 445/1 et seq., as supplemented and amended.

"Administration Fund" means the Administration Fund established by the Trustee pursuant to the Indenture.

"Alternate Credit Facility" means a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage-backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Freddie Mac) which provides security for the payment of (a)(i) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds when due) or (ii) the Bond Mortgage Loan in an amount not less than the Guaranteed Payment, and (b) the Purchase Price of the Bonds, which Alternate Credit Facility is provided in accordance with the Financing Agreement and the Indenture.

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

"Authorized Denomination" means, (a) with respect to Bonds in a Variable Period, $100,000 in principal amount or any integral multiple of $5,000 greater than $100,000, and (b) with respect to Bonds during any Reset Period or the Fixed Rate Period, $5,000 principal amount or any integral multiple thereof.

"Authorized Officer" means (a) when used with respect to the Issuer, the County Board Chairman or the County Clerk of the Issuer and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf, (b) when used with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Trustee, any authorized signatory of the Trustee, or any Person who is authorized in writing to take the action in question on behalf of the Trustee, (d) when used with respect to the Servicer, any Vice President or any Assistant Vice President of the Servicer and such additional Person or Persons, if any, duly designated by the Servicer in writing to act on its behalf, (e) when used with respect to the Remarketing Agent, Principal, Vice President or Assistant Vice President of the Remarketing Agent and such additional Person or Persons, if any, duly designated by the Remarketing Agent in writing to act on its behalf, (f) when used with respect to the Tender Agent, any authorized signatory of the Tender Agent and such additional Person or Persons, if any, duly designated by the Tender Agent in writing to act on its behalf, and (g) when used with respect to the Credit Facility Provider, any Person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

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

"Bond Counsel" means any firm of attorneys selected by the Issuer experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer's Municipal Marketplace and is acceptable to the Credit Facility Provider.

"Bond Fee Component" means the regular, ongoing fees from time to time to the Issuer, the Trustee, the Remarketing Agent, the Tender Agent, the Custodian, the Counterparty, if any, and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the principal amount of Outstanding Bonds (including Purchased Bonds) on an annual basis.

"Bond Financing Documents" means, collectively, the Indenture, the Bonds, the Financing Agreement, the Remarketing Agreement, the Tax Certificate and the Bond Mortgage Loan Documents.

"Bond Fund" means the Bond Fund established by the Trustee pursuant to the Indenture.

"Bondholder" or "Holder" or "Owner" means any person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bond Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the Trustee to secure the repayment of the Bond Mortgage Loan, as the same may be amended, supplemented or restated.

"Bond Mortgage Loan" means the loan financed by the Issuer from the Trustee to the Borrower pursuant to the Bond Mortgage Loan Documents.

"Bond Mortgage Loan Documents" means the Bond Mortgage, the Bond Mortgage Note, the Financing Agreement, the Tax Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Rehabilitation Escrow Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower's obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

"Bond Mortgage Loan Fund" means the Bond Mortgage Loan Fund established by the Trustee pursuant to the Indenture.

"Bond Mortgage Note" means the Bond Mortgage Note dated as of November 1, 2008 from the Borrower to the Trustee, including all riders and addenda thereto, evidencing the Borrower's obligation to repay the Bond Mortgage Loan, as the same may be amended, supplemented or restated from time to time.

"Bond Purchase Fund" means the Bond Purchase Fund established by the Tender Agent pursuant to the Indenture.

"Bond Register" means the books or other records maintained by the Bond Registrar setting forth the registered Owners from time to time of the Bonds.

"Bond Registrar" means the Trustee acting as such, and any other bond registrar appointed pursuant to the Indenture.

"Bond Resolution" means the resolution adopted by the County Board of the Issuer authorizing the issuance of the Bonds.

"Bond Year" means the period of twelve consecutive months ending on November 1 in any year in which Bonds are Outstanding; provided, that the first Bond Year shall commence on the Delivery Date and end on November 1, 2009.

"Bonds" means the $26,000,000 aggregate principal amount of Variable Rate Demand Multifamily Revenue Bonds (Whispering Oaks Apartments Project) Series 2008, issued pursuant to the provisions of the Indenture.

"Borrower" means Whispering Oaks Associates, L.P., a limited partnership duly organized and existing under the laws of the State, or any of its permitted successors or assigns, as owner of the Project.

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Credit Facility Provider is closed or (e) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee, the Tender Agent, the Remarketing Agent or the Principal Office of the Credit Facility Provider is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

"Certificate of the Issuer," "Statement of the Issuer," "Request of the Issuer" and "Requisition of the Issuer" mean, respectively, a written certificate, statement, request or requisition signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Commitment" means the commitment from Freddie Mac to the Servicer pursuant to which Freddie Mac has agreed to provide credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds, as the same may be amended, modified or supplemented from time to time.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by the Trustee pursuant to the Indenture.

"Costs of Issuance" means (i) the fees (excluding ongoing fees), costs and expenses of (a) the Issuer, the Issuer's counsel and the Issuer's financial advisor, including without limitation the Issuer Fee, (b) 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, (c) Bond Counsel, (d) the Trustee and the Trustee's counsel, (e) the Servicer and the Servicer's counsel, if any, (f) the Credit Facility Provider and the Credit Facility Provider's counsel, (g) the Borrower's counsel and the Borrower's financial advisor, if any, and (h) the Rating Agency, (ii) costs of printing the offering documents relating to the sale of the Bonds, and (iii) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

"Counterparty" has the meaning given that term in the Reimbursement Agreement.

"Credit Enhancement Agreement" means the Credit Enhancement Agreement dated as of November 1, 2008 by and between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

"Credit Facility" means the Credit Enhancement Agreement or any Alternate Credit Facility at the time in effect.

"Credit Facility Provider" means, so long as the Credit Enhancement Agreement is in effect, Freddie Mac, or so long as any Alternate Credit Facility is in effect, the Credit Facility Provider then obligated under the Alternate Credit Facility.

"Custodial Escrow Account" means, collectively, the account or accounts established and held by the Servicer, in accordance with the Guide or otherwise, for the purpose of funding (a) escrows for taxes, insurance and related payments and costs, if required by Freddie Mac, (b) a reserve for replacements for the Project, if required by Freddie Mac, and (c) a debt service reserve for the Bond Mortgage Loan, if required by Freddie Mac.

"Custodial Escrow Agreement" means any agreement (which agreement may be the Guide or the Commitment as applicable) pursuant to which a Custodial Escrow Account is established and maintained.

"Custodian" means The Bank of New York Mellon Trust Company, N.A., not in its individual capacity but solely in its capacity as collateral agent for the Credit Facility Provider, and any successor in such capacity.

"Dated Date" means November __, 2008.

"Delivery Date" means November __, 2008, the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

"DTC" means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to the Indenture or its successors.

"Eligible Funds" means (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or guarantor of the Borrower or the Issuer), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds, (d) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (e) money delivered to the Trustee and accompanied by a written opinion acceptable to the Rating Agency (unless such opinion is waived in writing by the Rating Agency by notice delivered to the Trustee and the Credit Facility Provider) of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (i) payment of such money to Owners of the Bonds would not constitute an avoidable preference under Section 547 of the Bankruptcy Code and (ii) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

"Event of Default" means any of those events specified in and defined by the applicable provisions of the Indenture to constitute an event of default.

"Extraordinary Services" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee in respect of or to prevent default under the

Indenture and the Bond Mortgage Loan Documents, including any attorneys' fees and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in the Indenture.

"Extraordinary Servicing Fees and Expenses" means all fees and expenses of the Servicer during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

"Extraordinary Trustee's Fees and Expenses" means all those fees, expenses and disbursements earned or incurred by the Trustee as described under the Indenture during any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"Financing Agreement" means the Financing Agreement dated as of November 1, 2008 among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

"Fixed Rate" means the interest rate borne by the Bonds from and after the Fixed Rate Adjustment Date to the maturity date of the Bonds, determined in accordance with the Indenture.

"Fixed Rate Adjustment" means the establishment of the interest rate on the Bonds at the Fixed Rate, pursuant to the Indenture.

"Fixed Rate Adjustment Date" means the date on which the Fixed Rate for the Bonds becomes effective.

"Fixed Rate Period" means the period during which the Bonds bear interest at the Fixed Rate.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise duly organized and validly existing under the laws of the United States of America, and its successors and assigns.

"Freddie Mac Credit Enhancement Fee" shall have the meaning set forth in the Reimbursement Agreement.

"Freddie Mac Credit Enhancement Payment" shall have the meaning set forth in the Credit Enhancement Agreement.

"Freddie Mac Reimbursement Amount" shall have the meaning given to that term in the Reimbursement Agreement.

"Government Obligations" means investments meeting the requirements of (a) or (b) of the definition of "Qualified Investments" in the Indenture.

"Guaranteed Payment" means the amount required to be paid to the Trustee pursuant to the Credit Facility; provided, that so long as the Credit Enhancement Agreement is the Credit Facility, "Guaranteed Payment" shall have the meaning given to that term in the Credit Enhancement Agreement.

"Guide" means the Freddie Mac Multifamily Seller/Servicer Guide (as the same may be amended, modified or supplemented from time to time).

"Hedge Agreement" means any interest rate cap agreement, swap agreement or similar instrument required to be maintained for the benefit of the Credit Facility Provider under the terms of the Reimbursement Agreement.

"Hedge Fee Escrow" has the meaning given that term in the Reimbursement Agreement.

"Indenture" means the Trust Indenture dated as of November 1, 2008, by and between the Issuer and the Trustee, as the same may have been from time to time amended or modified, together with any other indentures supplemental to the Indenture.

"Index Rate" means a rate equal to the index of the weekly index rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors, which meet specific criteria established by The Securities Industry and Financial Markets Association, such index currently known as The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or any successor to such index.

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called Bonds, or, if the Trustee does not select a service, then such service or services as the Issuer may designate in a certificate of the Issuer delivered to the Trustee.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of November 1, 2008 by and among the Issuer, the Trustee and Freddie Mac, as the same may be amended or supplemented.

"Interest Payment Date" means December 1, 2008, and thereafter (i) for interest accrued during any Variable Period, the first Business Day of each month, (ii) for interest accrued during any Reset Period, May 1 and November 1 of each year, commencing on the May 1 and November 1 next following the applicable Reset Adjustment Date, (iii) for interest accrued on and after the Fixed Rate Adjustment Date, May 1 and November 1 of each year, commencing on the May 1 and November 1 next following the Fixed Rate Adjustment Date, (iv) each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date, Substitution Date and the maturity date of the Bonds, and (v) for Bonds subject to redemption but only with respect to such Bonds, the date fixed for redemption (or purchase in lieu of redemption).

"Interest Requirement" means (a) during the Variable Period, 35 days' interest computed at the Maximum Rate and (b) during a Reset Period or the Fixed Rate Period, 189 days' interest computed at the Reset Rate or Fixed Rate, as applicable, or in the case of either (a) or (b), such lesser number of days as is acceptable to the Rating Agency (as confirmed in writing by the Rating Agency).

"Issuer" means The County of Lake, Illinois, a political subdivision duly organized and validly existing under the Constitution of the State, together with its successors and assigns.

"Issuer Fee" means the Issuer's one-time issuance fee of $260,000 and all other fees, costs and expenses of the Issuer, including attorneys' fees, payable by the Borrower under the Financing Agreement.

"Liquidity Advance" means an advance by the Credit Facility Provider pursuant to the terms of the Credit Enhancement Agreement to pay the Purchase Price of any Bonds tendered optionally by Bondholders pursuant to the Indenture which have not been remarketed by the Remarketing Agent pursuant to the Remarketing Agreement and the Indenture and, therefore, with respect to which there are no proceeds of remarketing.

"Maturity Date" means the maturity date of the Bonds set forth in the Indenture.

"Maximum Rate" means twelve percent (12 %) per annum; provided that without amendment to any Bond Financing Document pursuant to the Indenture the Maximum Rate may be increased to a specified higher Maximum Rate if there shall have been delivered to the Trustee and the Remarketing Agent (a) an Opinion of Bond Counsel to the effect that such higher Maximum Rate is permitted under applicable law, and does not, in and of itself, cause interest on the Bonds to be included in the gross incomes of the Bondholders for federal income tax purposes and (b) either (i) the written consent of the Credit Facility Provider to the specified higher Maximum Rate and evidence that the Credit Facility will cover the Interest Requirement at such Maximum Rate, or (ii) a new or amended Credit Facility in an amount equal to the sum of (a) the principal amount of the Outstanding Bonds and (b) the new Interest Requirement calculated using the new higher Maximum Rate; provided that the Maximum Rate shall never exceed the maximum rate permitted by law to be paid on the Bonds or to be charged on the Bond Mortgage Loan.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Net Proceeds" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such proceeds, including reasonable attorney fees.

"Official Statement" means this Official Statement dated November __, 2008 relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

"Optional Tender Date" has the meaning set forth in the Indenture.

"Ordinary Servicing Fees and Expenses" means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan, payable monthly in arrears as provided in the Reimbursement Agreement.

"Ordinary Trustee's Fees and Expenses" means the annual administration fee for the Trustee's ordinary fees and expenses in rendering its services under this Indenture as Trustee during each twelve month period, which fee is equal to (and shall not exceed) $_____ and shall be payable annually in advance on the Delivery Date and each November 1 thereafter commencing on November 1, 2009.

"Outstanding" when used with respect to the Bonds or "Bonds Outstanding" means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(b) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or date fixed for redemption of any such Bonds), or which are deemed to have been paid and discharged pursuant to the provisions of the Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under the Indenture; and

(d) Bonds deemed to be tendered for purchase under the Indenture; and also except that

(e) For the purpose of determining whether the Owners of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or pursuant to the Indenture, Bonds owned by or for the account of the Borrower or any Person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not Outstanding, unless all Bonds shall be so owned, and provided that the Trustee has knowledge of the foregoing; provided, further, that all Purchased Bonds shall be deemed to be Outstanding, and the Trustee shall follow any direction provided by the Credit Facility Provider with respect to Purchased Bonds for purposes hereof (Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish, to the satisfaction of the Trustee, the pledgee's right to vote such Bonds, and in the event of a dispute as to the existence of such right, any decision by the Trustee taken upon the advice of counsel shall constitute full protection to the Trustee). The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Beneficial ownership of 5 percent or more of a class of securities having general voting power to elect a majority of the board of directors of a corporation shall be conclusive evidence of control of such corporation.

"Paying Agent" means the Trustee acting as such, and any other paying agent appointed pursuant to the Indenture.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"Pledge Agreement" means that certain Pledge, Security and Custody Agreement, dated as of November 1, 2008, by and between the Custodian and the Borrower, as originally executed or as modified or amended from time to time, together with any similar agreement executed in connection with an Alternate Credit Facility, as originally executed or as amended or modified from time to time.

"Principal Office of the Credit Facility Provider" means the office of Freddie Mac located at 8100 Jones Branch Drive, McLean, Virginia 22102 or such other office or offices as Freddie Mac may designate from time to time, or the office of any Alternate Credit Facility Provider where it principally conducts its business of serving as credit facility provider under indentures pursuant to which municipal or governmental obligations are issued, or such other office or offices as the Alternate Credit Facility Provider may designate from time to time.

"Principal Office of the Remarketing Agent" means the office of the Remarketing Agent referenced in the Indenture or such other office or offices as the Remarketing Agent may designate from time to time, or the office of any successor Remarketing Agent where it principally conducts its business of serving as remarketing agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Tender Agent" means the office of the Tender Agent referenced in the Indenture or such other office or offices as the Tender Agent may designate from time to time, or the office of any successor Tender Agent where it principally conducts its business of serving as tender agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Trustee" means the office of the Trustee referenced in the Indenture or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Reserve Fund" means the Principal Reserve Fund established by the Trustee pursuant to the Indenture.

"Principal Reserve Schedule" means the Principal Reserve Schedule calculated in accordance with, and attached as Exhibit A to, the Reimbursement Agreement as the same may be amended from time to time.

"Principal Reserve Schedule Payments" means the payments to be made by the Borrower in accordance with the Principal Reserve Schedule on the first day of each month as set forth in the Reimbursement Agreement.

"Project" means the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Whispering Oaks Apartments located at various addresses from 2401 to 2443 West Dugdale Road, in the City of Waukegan, Lake County, Illinois, including the real estate described in the Bond Mortgage.

"Purchased Bond" means any Bond during the period from and including the date of its purchase by the Trustee on behalf of the Borrower with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is remarketed to any Person other than the Credit Facility Provider, the Borrower, any general partner, member or guarantor of the Borrower or the Issuer. All Purchased Bonds are to be held in certificated form under and pursuant to the Pledge Agreement.

"Purchase Price," with respect to any Bond required to be purchased pursuant to the Indenture, means the principal amount of such Bond plus interest accrued thereon to the Settlement Date and with respect to any Bond to be purchased pursuant to the Indenture means the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the Settlement Date.

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) short term discount obligations of Fannie Mae; (d) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which is a bank, as defined in the Illinois Banking Act, and which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Trustee or such other institution has been rated at least "VMIG 1"/"A 1+" by Moody's/S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation; (e) shares or units in any money market mutual fund (including mutual funds of the Trustee or its affiliates) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the United States government, and which fund has been rated "Aaa"/"AAA" by Moody's/S&P or (f) any other investments permitted by State law approved in writing by the Credit Facility Provider. For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG 1"/"A 1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG 1"/"AAA"/"A 1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

"Rating Agency" means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof, which has assigned a rating at the request of or with the consent of the Issuer, the Borrower and/or the Credit Enhancer.

"Rebate Analyst" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under the Indenture and the Financing Agreement.

"Rebate Fund" means the Rebate Fund established by the Trustee pursuant to the Indenture.

"Record Date" means during any Variable Period, the Business Day immediately preceding an Interest Payment Date and during any Reset Period or the Fixed Rate Period, the 15th day of the calendar month preceding the calendar month in which any Interest Payment Date falls.

"Redemption Fund" means the Redemption Fund established by the Trustee pursuant to the Indenture.

"Rehabilitation Escrow Agreement" means the Rehabilitation Escrow Agreement dated as of the date the Indenture, by and between the Borrower and Credit Facility Provider, as amended, modified or supplemented.

"Reimbursement Agreement" means the Reimbursement and Security Agreement dated as of November 1, 2008 by and between the Borrower and Freddie Mac, as the same may be amended, supplemented or restated from time to time, and upon the effectiveness of any Alternate Credit Facility, any similar agreement between the Borrower and the Alternate Credit Facility Provider pursuant to which the Borrower agrees to reimburse the Alternate Credit Facility Provider for payments made under the Alternate Credit Facility, as such agreement may be amended, supplemented or restated.

"Reimbursement Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008 from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, and upon the effectiveness of any Alternate Credit Facility, any similar mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance granting a mortgage and security interest in the Project to the Alternate Credit Facility Provider to secure similar obligations of the Borrower to the Alternate Credit Facility Provider, as the same may be amended, supplemented or restated.

"Remarketing Agent" means the remarketing agent appointed pursuant to the Indenture.

"Remarketing Agreement" means the Remarketing Agreement dated as of November 1, 2008, by and between the Remarketing Agent and the Borrower, or any similar agreement between the Remarketing Agent, the Issuer and the Borrower, in each case as originally executed or as it may be amended or supplemented from time to time in accordance with its terms.

"Remarketing Date" means each date on which the Remarketing Agent is required to notify the Trustee, the Tender Agent, the Borrower and the Credit Facility Provider of the Bonds for which it has found purchasers, as set forth in the Indenture.

"Reset Adjustment Date" means any date on which the interest rate on the Bonds is adjusted to a Reset Rate or to a different Reset Rate. During a Variable Period, a Reset Adjustment Date may occur only on any Interest Payment Date.

"Reset Period" means each period 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.

"Responsible Officer" means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created under the Indenture.

"Revenue Fund" means the Revenue Fund established by the Trustee pursuant to the Indenture.

"Revenues" means (a) all payments made with respect to the Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Agreement), (b) payments made by the Credit Facility Provider pursuant to the Credit Facility and (c) all money and securities held by the Trustee in the funds and accounts established pursuant to the Indenture (excluding money or securities in the Cost of Issuance Fund, the Bond Purchase

Fund, the Principal Reserve Fund and the Rebate Fund), together with all investment earnings thereon. Principal Reserve Schedule Payments shall not constitute Revenues under the Indenture.

"Securities Depository" means (a) initially, The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax: (516) 227-4039 or 4190; or (b) any replacement registered securities depository which has been designated in a certificate of the Issuer delivered to the Trustee and the Credit Facility Provider pursuant to the Indenture.

"Servicer" means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Prudential Affordable Mortgage Company.

"Settlement Date" means any date on which any Bond is purchased or deemed purchased pursuant to the Indenture.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"State" means the State of Illinois.

"Substitution Date" means any Business Day established for the mandatory tender and purchase of the Bonds in connection with the delivery to the Trustee of an Alternate Credit Facility pursuant to the Indenture.

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

"Tax Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants dated November 1, 2008 by and among the Issuer, the Trustee and the Borrower, as from time to time supplemented and amended.

"Tender Agent" means the Tender Agent appointed in accordance with the Indenture.

"Tender Notice" means a notice of demand for purchase of Bonds given by any Bondholder pursuant to the Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, with its designated corporate trust office in the City of Chicago, Illinois, and its successors in trust under the Indenture.

"Trust Estate" shall have the meaning set forth in the Granting Clauses of the Indenture.

"Unassigned Rights" means those certain rights of the Issuer under the Financing Agreement to release and indemnification, to defenses, and to payment or reimbursement of fees, costs and expenses of the Issuer, its right to exemption from individual and corporate liability, its right to receive notices, reports, opinions and the like and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys' fees and related expenses, its right to collect the Issuer fee, its right to specifically enforce the Borrower's

covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), its right to give or withhold consent to sales, dispositions, transfers and assignments and to amendments, changes, modifications and alterations to the Financing Agreement and its right to exercise its remedies in order to enforce the Unassigned Rights, subject to the Intercreditor Agreement.

"Variable Interest Accrual Period" means, during any Variable Period, a period beginning on the date following any Variable Interest Computation Date and ending on the next succeeding Variable Interest Computation Date, except that the first Variable Interest Accrual Period for any Variable Period shall begin on the first day of such Variable Period and end on the next succeeding Variable Interest Computation Date.

"Variable Interest Computation Date" means, with respect to any Variable Interest Accrual Period, each Wednesday during such period, or if any such Wednesday is not a Business Day, the next succeeding Business Day.

"Variable Period" means each period during which the Bonds bear interest at a Variable Rate.

"Variable Rate" means the variable rate of interest borne by the Bonds as determined in accordance with the Indenture.

"Variable Rate Adjustment Date" means any date upon which the Bonds begin to bear interest at a Variable Rate for the succeeding Variable Period.

APPENDIX B

FORM OF BOND COUNSEL OPINION

[to be provided]

APPENDIX C

FORM OF CREDIT ENHANCEMENT AGREEMENT

[to be attached]

This document was prepared by, and after recording, return to:

Charles L. Jarik, Esq.
Chapman and Cutler LLP
111 West Monroe Street
Chicago, Illinois 60303

This space reserved for Recorders use only.

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

By and Among

THE COUNTY OF LAKE, ILLINOIS,

WHISPERING OAKS ASSOCIATES, L.P.

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of November 1, 2008

Relating to

$26,000,000
Variable Rate Demand Multifamily Housing Revenue Bonds
(Whispering Oaks Apartments Project),
Series 2008

TABLE OF CONTENTS

NAME	TITLE	PAGE
Section 1.	Term of Restrictions	2
Section 2.	Project Restrictions	3
Section 3.	Occupancy Restrictions	4
Section 4.	Rental Restrictions	6
Section 5.	Transfer Restrictions	6
Section 6.	Enforcement	6
Section 7.	Covenants to Run with the Land; Successors Bound	7
Section 8.	Recording and Filing	8
Section 9.	Indemnification	8
Section 10.	Agent of the Issuer and the Trustee	9
Section 11.	No Conflict with Other Documents	9
Section 12.	Interpretation	9
Section 13.	Amendment	9
Section 14.	Severability	9
Section 15.	Notices	9
Section 16.	Governing Law.	10
Section 17.	Freddie Mac Rider.	10
Section 18.	Limitation on Issuer Liability	10

EXHIBIT A	Description of Project Site
EXHIBIT B	Certification of Income
EXHIBIT C	Certificate of Continuing Program Compliance
EXHIBIT D	Freddie Mac Rider

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (including the Exhibits attached hereto) dated as of November 1, 2008 (this *"Regulatory Agreement"*), by and among The COUNTY OF LAKE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois (the *"Issuer"*), WHISPERING OAKS ASSOCIATES, L.P., a limited partnership duly organized and validly existing under the laws of the State of Illinois (the *"Borrower"*), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, as trustee (the *"Trustee"*) under that certain Trust Indenture dated as of November 1, 2008, by the Issuer and the Trustee (together with any other trust indenture authorizing the issuance of bonds to refund the bonds authorized in said Trust Indenture, the *"Indenture"*);

WITNESSETH:

WHEREAS, the Borrower will be the record owner of land, buildings and related improvements and furnishings, equipment and related property to be acquired, rehabilitated and equipped, and to be located in Lake County, Illinois, legally described in *Exhibit A* attached hereto and made a part hereof, comprised of 405 units of housing for residential rental purposes, a portion of such units which are to be rented to individuals and families of low or moderate income (such land, buildings, improvements, furnishings, equipment and related property being collectively referred to herein as the *"Project"*); and

WHEREAS, the acquisition, rehabilitation and equipping of the Project will be financed in part from the proceeds of the sale of the Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 of the Issuer in the aggregate principal amount of $26,000,000 (the *"Bonds"*), issued by the Issuer under the Indenture and pursuant to the provisions of 50 *Illinois Compiled Statutes 2006,* 445/1 *et seq.*, as supplemented and amended (the *"Act"*); and

WHEREAS, the interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, provided, among other things, the Project continuously complies with Section 142(d) of the Internal Revenue Code of 1986, as amended (the *"Code"*), and the regulations promulgated thereunder (the *"Regulations"*); and

WHEREAS, compliance of the Project with the requirements of Section 142(d) of the Code and the Regulations for treatment of the Bonds as "exempt facility bonds" used to provide a qualified residential rental project (as defined therein) is within the control of the Borrower; and

WHEREAS, it is necessary for the Borrower to agree to this Regulatory Agreement, and thereby consent to be regulated as herein set forth to preserve the exclusion of the interest on the Bonds from gross income of the owners thereof under Section 103(a) of the Code and the Regulations;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Issuer, the Borrower and the Trustee hereby agree, as follows:

Section 1. Term of Restrictions. (a) *Occupancy Restrictions:* The term of the Occupancy Restrictions set forth in Section 3 hereof (the *"Occupancy Restrictions"*) with respect to the Project shall commence on the date the Bonds are issued and end with respect to the Project on the latest of the date (i) which is fifteen (15) years after the date on which at least 60% of the residential units in the Project are first occupied following the acquisition, rehabilitation and installation thereof by the Borrower, (ii) which is the first day on which no Bond or other tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to the Project is outstanding (including any refunding of any such obligations), or (iii) on which any project-based assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is hereinafter referred to as the *"Qualified Project Period"* for such Project).

(b) *Rental Restrictions:* The Rental Restrictions set forth in Section 4 hereof (the *"Rental Restrictions"*) with respect to the Project shall remain in effect during the Qualified Project Period for the Project set forth in paragraph (a) of this Section 1.

(c) *Involuntary Termination.* Notwithstanding the provisions of paragraphs (a) and (b) of this Section 1, this Regulatory Agreement and all other restrictions hereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event; *provided,* that within a reasonable time period either (i) the Bonds are retired, or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this subsection (c) shall cease to apply (and the provisions of subsections (a) and (b) shall apply for the remainder of the Qualified Project Period) in the event of foreclosure, transfer of title by deed in lieu of foreclosure or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or any transferee or assignee of the Project or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a *"Related Person"*) obtains an ownership interest in the Project for federal tax purposes.

(d) *Termination.* This Regulatory Agreement shall terminate with respect to the Project upon the earlier of (i) the termination of the Occupancy Restrictions and the Rental Restrictions, as provided in subsections (a) and (b) of this Section 1 for the Project, or (ii) the termination pursuant to the provisions of subsection (c) of this Section 1 for the Project, or (iii) the delivery to the Issuer, the Borrower and the Trustee of an opinion of nationally recognized municipal bond counsel (*"Bond Counsel"*) in form and substance satisfactory to the Issuer and the Trustee to the effect that continued compliance with the Rental Restrictions and Occupancy Restrictions is not required in order for interest on the Bonds to remain excludible from the gross income of the owners of the Bonds for federal income tax purposes.

Section 2. Project Restrictions. The Borrower hereby represents and warrants, as of the date hereof, and covenants that:

(a) The Borrower has reviewed the provisions of this Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, meeting rooms, common areas, swimming pools, tennis courts, etc.) to the Project (the *"Related Facilities"*) will be made available to all tenants of the Project on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Project be discriminatory or exclusionary as to the low income tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of the Project in accordance with the terms of this Regulatory Agreement or in connection with the delivery of the Reimbursement Mortgage (as defined in the Indenture), encumber any portion of the Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Project (except for apartment leases); or (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project; *provided,* that nothing herein shall prohibit the Borrower from granting easements, operating leases and/or licenses of the Related Facilities, for the purpose of providing for the operation of the Related Facilities for the benefit of the Project.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement, and shall correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) The Project consists of a building or structure or several proximate buildings or structures of similar construction, each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land (separated only by streets or roads) which are owned, for Federal income tax purposes, at all times by one (1) person, and may include facilities functionally related and subordinate thereto. Each such building or structure is a discrete edifice or other man-made construction, consisting of an independent foundation, outer walls and roof and containing five (5) or more similarly constructed units.

(f) All of the units in the Project contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Each unit contains a kitchen that includes a stove, a cooking range, a full-size refrigerator and sink.

Continuing or frequent nursing, medical or psychiatric services will not be made available at the Project.

(g) None of the units in the Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium or rest home.

Section 3. Occupancy Restrictions. Pursuant to Section 142 of the Code, the Issuer has elected, and the Borrower hereby agrees, that the requirements of subparagraph B of such Section 142(d)(1) of the Code shall apply to the Project. The Borrower represents, warrants and covenants that:

(a) At all times during the Qualified Project Period, at least 40% of the residential units in the Project shall be continuously occupied (or, only after the date on which the Bonds are issued, treated as occupied as provided herein) by individuals whose aggregate adjusted income (computed in the manner described in Section 1.167(k)–3(b)(3) of the Regulations prior to its removal by TD 8 474, 1993-1 C.B. 242) does not exceed 60% of the median gross income, adjusted for family size, for the area in which the Project is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as amended (a *"Qualifying Tenant"*); *provided,* that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit shall not be deemed to be "Qualifying Tenants." For leases in existence on the date hereof, the determination of whether an individual or family meets the income requirement set forth in this Agreement shall be made as of the date the Bonds are issued or, if desired, the date the current lease with respect to a unit was executed so long as it was executed no longer than twelve (12) months prior to the date on which the Bonds are issued and on an annual basis thereafter, based solely for a determination made on or after the date hereof on an Income Certification (as hereinafter defined). For leases executed on and after the date on which the Bonds are issued, the determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of a lease with respect thereto on and after the date on which the Bonds are issued and on an annual basis thereafter and shall be based upon Income Certifications (as hereinafter defined). Any residential unit occupied by an individual or family on or after the date on which the Bonds are issued who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds 140% of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time the

character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing 40% requirement, 0.40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) As a condition to occupancy of a unit on and after the date on which the Bonds are issued, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, the "Certification of Income" attached hereto as *Exhibit B* (the *"Income Certification"*) in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including employment verifications and income tax returns, as are reasonably deemed necessary by the Borrower to substantiate the initial or subsequent Income Certification.

(c) The Borrower shall use or cause to be used in renting any residential units in the Project to a prospective Qualifying Tenant on and after the date on which the Bonds are issued, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Illinois law, for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All materials used to determine compliance with the provisions of this Section 3 and Income Certifications will be maintained on file at such Project so long as any Bonds are outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in the Project during the period the restrictions hereunder are applicable, and the Borrower shall, upon request, make such Income Certifications available for inspection by the Trustee.

(e) On _____, 2009, and on the first day of each calendar quarter thereafter, the Borrower will submit to the Trustee the "Certificate of Continuing Program Compliance," in the form attached hereto as *Exhibit C*, executed by the Borrower, stating the percentage of completed residential units in the Project which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant on and after the date on which the Bonds are issued) at all times during the preceding quarter and identifying Qualifying Tenants who commenced or terminated occupancy in the Project during such quarter.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department (with a copy to the Trustee), a certificate in the form that the Secretary prescribes that the Project continues to meet the requirements of Section 142 of the Code.

Section 4. Rental Restrictions. The Borrower hereby represents, warrants and covenants that each residential unit in the Project will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in Section 3 of this Regulatory Agreement). Each Qualifying Tenant occupying a unit in the Project shall be required to execute a written lease which shall be effective for a term of at least six (6) months. The costs of meals and other services shall not be included in the rent. Such meals and services, if any, shall be optional, and fair market value shall be charged for such meals and services.

Section 5. Transfer Restrictions. For the Qualified Project Period, the Borrower shall sell, transfer, assign, convey, change title to or otherwise dispose of the Project or any interest therein (a *"Transfer"*), in whole or in part, only in accordance with the terms of the Financing Agreement dated as of November 1, 2008, by and among the Issuer, the Trustee and the Borrower (the *"Financing Agreement"*). Further, any such sale, transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default hereunder; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee with respect to assuming its obligations under this Regulatory Agreement and the Financing Agreement (the *"Assumption Agreement"*), which document shall be recorded in the Recorder's Office in The County of Lake, Illinois; (3) the Trustee shall have received an Opinion of Bond Counsel, which opinion is acceptable to the Trustee, to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Borrower shall deliver to the Trustee a certificate, acceptable in form to the Trustee, to the effect that the Borrower did not develop such Project with the intention of sale upon completion; (5) the Borrower shall deliver to the Trustee an opinion of counsel to the transferee, acceptable in form to the Trustee, that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Financing Agreement or as the Trustee may reasonably impose as part of the Assumption Agreement: (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that such Project is not acquired by a person which has pending against it, or which has a history of, building code violations, as identified by county, state or federal regulatory agencies; and (iii) to provide that indemnification of the Trustee pursuant to Section 9 of this Regulatory Agreement and elsewhere is assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, the Trustee shall deliver a release to the Borrower with respect to any future compliance with the provisions of this Regulatory Agreement with respect to such Project, and the Issuer shall have delivered a release with respect to the Financing Agreement (subject to any further transfer restrictions in the Financing Agreement). The Borrower shall deliver the Assumption Agreement, along with opinions and certificates required by this Section, to the Trustee at least ten (10) business days prior to a proposed Transfer.

Section 6. Enforcement. (a) The Borrower shall permit, after three (3) business days prior notice, any duly authorized representative of the Trustee to inspect any books and records

of the Borrower regarding the Project and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement.

(b) In addition to the information provided for in Section 3(e) hereof, the Borrower shall submit any other information, documents or certifications reasonably requested by the Issuer or the Trustee which the Issuer or the Trustee deems reasonably necessary to substantiate continuing compliance with the provisions of this Regulatory Agreement.

(c) The Issuer, the Trustee and the Borrower each covenants that it will not knowingly take, fail to take or permit any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes. Moreover, each covenants to take any lawful action within its control (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statement promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project, but only in the event that each of the Issuer, the Trustee and the Borrower receives an opinion of Bond Counsel, which sets forth such requirements.

(d) If the Borrower shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed, and such failure continues for sixty (60) days after the Borrower discovers, or by the exercise of reasonable diligence should have discovered, or receives notice from the Issuer or the Trustee of, such failure, then and in such event, the Trustee and, to the extent permitted by the Indenture, any owner of a Bond shall be entitled, individually or collectively, and in addition to all other remedies provided by law or in equity to compel specific performance by the Borrower of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of the obligations of the Borrower hereunder cannot be adequately compensated by monetary damages in the event of a default by the Borrower.

(e) The Borrower and the Trustee each acknowledge that the primary purpose for requiring compliance with the restrictions provided in this Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds to the owners of the Bonds, and that the Trustee on behalf of the owners of the Bonds, who are declared to be third party beneficiaries of this Regulatory Agreement, shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default under this Regulatory Agreement.

(f) In the enforcement of this Regulatory Agreement, the Trustee may rely on any certificate or opinion of counsel delivered by or on behalf of the Borrower or any tenant with respect to the Project.

Section 7. Covenants to Run with the Land; Successors Bound. The Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Borrower hereby declares its express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with

the land to the extent permitted by law, and shall pass to and be binding upon the successors in title to the Project throughout the term of this Regulatory Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 8. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of Lake County, Illinois, and in such other places as the Trustee may reasonably request. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and to the name of the Trustee as grantee. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 9. Indemnification. The Borrower shall be required and hereby agrees to pay, indemnify and hold the Issuer and the Trustee, and their respective officers, members, directors, officials and employees and the owners of the Bonds harmless from, any and all loss, damage, cost, expense, suit, judgment, action, injury or liability which they, or any of them, may offer or incur (including without limitation any costs, fees and expenses, including reasonable attorneys', agents' or administrators' fees, costs and expenses, incurred in connection with the enforcement of this Regulatory Agreement) by reason of (a) the design, acquisition, rehabilitation, equipping, operation, use, occupancy, maintenance or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); or (b) any written statements or representations with respect to the Borrower, the Project or the Bonds made or given to the Issuer or the Trustee, or any underwriters or purchasers of any of the Bonds, by the Borrower, or any of its partners, agents or employees, including, but not limited to, statements or representations of facts, financial information or Borrower affairs; or (c) any fraudulent act by or on behalf of the Borrower or any officer or employee of the Borrower, including without limitation any intentional misrepresentation of, or intentional failure to disclose, a material fact in connection with the issuance and sale of the Bonds or the application of the proceeds thereof; or (d) any violation of the restrictions contained in Section 2 hereof or the Occupancy Restrictions contained in Section 3 hereof and the continuation of such violation of Section 2 hereof or Section 3 hereof for thirty (30) days after written notice of such violation shall be given to the Borrower by the Issuer or the Trustee or any owner of the Bonds, or forty-five (45) days after the date such violation should have been discovered by the Borrower by exercise of reasonable diligence; or (e) any violation of the Rental Restrictions contained in Section 4 hereof or the Transfer Restrictions contained in Section 5 of this Regulatory Agreement.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Trustee from (x) any lien or charge upon payments by the Borrower to the Trustee hereunder, and (y) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Trustee shall give prompt notice to the Borrower, and the Borrower shall have the duty to assume, and will assume, the defense

thereof, with full power to litigate, compromise or settle the same; *provided,* that the Trustee shall have the right to employ separate counsel in any such action or proceeding and to participate in the defense thereof. Notwithstanding the foregoing, the Borrower shall not be responsible for indemnifying the Trustee for the Trustee's own gross negligence or willful misconduct.

Section 10. Agent of the Issuer and the Trustee. The Issuer and the Trustee shall have the right to appoint an agent or administrator to carry out any of their respective duties and obligations hereunder, and shall inform the other parties hereto of any such agency appointment by written notice.

Section 11. No Conflict with Other Documents. The Borrower warrants that it has not executed, and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict with this Regulatory Agreement.

Section 12. Interpretation. Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined for purposes of Section 142 of the Code and in the Regulations, the Indenture and the Financing Agreement.

Section 13. Amendment. This Regulatory Agreement may be amended by the parties hereto to reflect changes in the Code, the Regulations and revenue rulings promulgated thereunder, or in the interpretation thereof, subject to the opinion of Bond Counsel that such amendment does not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes.

Section 14. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions of this Regulatory Agreement; *provided, however,* that no such invalidity shall require the Issuer to make any payments from revenues, other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Financing Agreement (except such proceeds as may be derived by the Issuer pursuant to the Unassigned Rights, as defined in the Indenture) or impose any personal liability on any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer.

Section 15. Notices. Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by telecopy (to be confirmed and with a copy thereof sent by overnight service) by private courier service or by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the first day after being sent by telegram, or on the third day after being deposited in United States registered or certified mail, return receipt requested, postage prepaid. Any such notice, demand or other communication shall be addressed to a party at its address set forth

below or to such other address the party to receive such notice may have designated to all other parties by notice in accordance herewith:

The Borrower:	Whispering Oaks Associates, L.P. c/o ATWO Development 1755 East Martin Luther King, Jr. Boulevard Los Angeles, California 90058 Attention: Tim English
With a copy to:	Resch, Polster & Berger, LLP 9200 Sunset Boulevard, 9th Floor Los Angeles, California 90069 Attention: Sheldon P. Berger and Jeffrey A. Rabin
The Trustee:	The Bank of New York Mellon Trust Company, N.A. Two North LaSalle Street Chicago, Illinois 60602 Attention: Corporate Trust Department
The Issuer:	The County of Lake, Illinois 18 North County Street Waukegan, Illinois 60085 Attention: County Clerk
With a copy to:	Lake County Partners 28055 Ashley Circle Suite 212 Libertyville, Illinois 60048 Attention: President

Section 16. Governing Law. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of Illinois, without regard to conflicts of laws principles and, where applicable, the laws of the United States of America.

Section 17. Freddie Mac Rider. During such time that Freddie Mac is the Credit Facility Provider, the provisions of the Freddie Mac Rider attached to this Regulatory Agreement as *Exhibit D* (the *"Freddie Mac Rider"*) are incorporated into this Regulatory Agreement by reference as if fully set forth in this Section 17. Notwithstanding anything contained herein or in the Freddie Mac Rider, in no event shall the provisions of the Freddie Mac Rider be construed to contravene the laws of the State of Illinois.

Section 18. Limitation on Issuer Liability. No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Regulatory Agreement and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any other document executed by the Issuer in connection with the Project or the

Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way, except out of payments to be made by the Borrower under the Financing Agreement, other than payments to be made by the Borrower pursuant to the Unassigned Rights. No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement contained herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant, obligation or agreement contained herein; *provided,* that no costs, expenses or other monetary relief shall be recoverable from the Issuer, except as may be payable by the Borrower. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois or any political subdivision thereof to pay the Bonds or the premium, if any, or interest thereon. The Bonds shall not constitute an indebtedness of the Issuer, the State of Illinois or any political subdivision thereof, within the meaning of any constitutional or statutory provision.

Anything in this Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee (with respect to such recordkeeping) or the Borrower upon the request of the Issuer; and (c) none of the provisions of this Regulatory Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

All covenants, stipulations, representations, promises, agreements and obligations of the Issuer contained in this Regulatory Agreement or in any of the Bonds or in any other document executed in connection herewith or therewith shall be deemed to be the limited covenants, stipulations, representations, promises, agreements and obligations of the Issuer, and not of any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer in his or her individual capacity. No recourse shall be had against any such individual, either directly or through the Issuer or otherwise for the payment for or to the Issuer or any sum that may be due and unpaid by the Issuer upon the Bonds or under any obligation, covenant, stipulation, promise or agreement contained herein, in the Bonds or in any other document executed in connection herewith or therewith, and no recourse shall be had against any of such persons on account of the issuance and sale of the Bonds or on account of any representations made in connection therewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of any such person to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for

or to the owner of any of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any of the documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition to and in consideration for the issuance of the Bonds and the execution of this Regulatory Agreement and related documents.

The Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof or of any related document until it shall have been requested to do so by the Borrower or the Trustee, and shall have received from the Borrower, assurance satisfactory to the Issuer that the Issuer will be reimbursed for its expenses, including attorneys' fees and expenses, incurred or to be incurred in connection with the taking of such action or the execution of such instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement to be signed and sealed by their respective, duly authorized representatives, as of the day and year first above written.

THE COUNTY OF LAKE, ILLINOIS

[SEAL]

By: _____
Title: Chairman

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

[SEAL]

By: _____
Title: _____

WHISPERING OAKS ASSOCIATES, L.P., an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3, LLC, a California limited liability company, its Manager

By _____
Tim English, Managing Member

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I, _____, a Notary Public, do hereby certify that Suzi Schmidt, personally known to me to be the same person whose name is, as the Chairman of the County Board of THE COUNTY OF LAKE, ILLINOIS, subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said County and as her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____, 2008.

_____
Notary Public in and for
Lake County, Illinois

(SEAL)

My commission expires:

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I, _____, a Notary Public, do hereby certify that _____, personally known to me to be the same person whose name is, as a _____ of THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that s/he, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____, 2008.

_____
Notary Public in and for
Lake County, Illinois

(SEAL)

My commission expires:

STATE OF _____)
) SS
COUNTY OF _____)

I, _____, a Notary Public, do hereby certify that Tim English, personally known to me to be the same person whose name is, as a Managing Member of 1755 EFM 3, LLC, the Manager of ATWO, LLC, the sole general partner of WHISPERING OAKS ASSOCIATES, L.P., an Illinois limited partnership, subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said limited partnership and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this ___ day of _____, 2008.

_____
Notary Public in and for
_____, _____

(SEAL)

My commission expires:

EXHIBIT A

DESCRIPTION OF PROJECT SITE

EXHIBIT B

CERTIFICATION OF INCOME

NAME OF DEVELOPMENT: Whispering Oaks Apartments

ADDRESS OF DEVELOPMENT: 2401-2443 West Dugdale Road, Waukegan, Illinois

DATE: _____

The undersigned does hereby declare, depose and certify, under penalty of perjury, as follows:

If additional space is needed in filling out this form, attach sheets identifying the additional information referenced to the appropriate line number.

Line:

1.	2.	3.	4.	5.
Name of Head of Household, Spouse and Members of Your Family living in Unit	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	___	_____	_____
_____	_____	___	_____	_____
_____	_____	___	_____	_____
_____	_____	___	_____	_____
_____	_____	___	_____	_____
_____	_____	___	_____	_____

Each line hereinafter is for the income of *all of the above persons* during the 12-month period beginning on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable. Please refer to Part I of the Instruction Sheet for detailed explanations as to the income information required. Part II of the Instruction Sheet provides information on income which may be excluded.

6. (a) Wages, salaries, tips, etc. $_____

(b) Interest, dividends, and other net income of any kind from real or personal property (also enter on line 13(b)) $_____

7. Net income from the operation of a business or profession $_____

8. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment $_____

9. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay $_____

10. Welfare assistance (*i.e.,* welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by federal, state or local governments) $_____

11. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the unit $_____

12. All regular pay, special pay, and allowances of a member of the Armed Forces $_____

The individual incomes of all the persons listed in Line 1 above during the 12-month period beginning this date is as follows:

Names	Totals
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____

13. If any of the persons described above has any income of any kind from real property, savings, stocks, bonds, and other forms of capital investment (excluding interests in

Indian trust land and excluding equity accounts in the Department of Housing and Urban Development (*"HUD"*) homeownership programs), provide the following:

(a) The total value of all such assets owned by all such persons $_____

(b) The total amount of income expected to be derived from such assets in the 12-month period commencing this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease [from line 6(b)] $_____

14.(a) Will all of the persons listed in Column 1 above be or have they been full time students during five calendar months of this calendar year (i) at an educational organization which normally maintains regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, or (ii) in institutional on-farm training under the supervision of an accredited agent of an educational organization described in clause (i) or of a state or political subdivision of a state?

Yes _____ No _____

(b) If the answer to 14(a) is yes, is any such person married and eligible to file a joint federal income tax return?

Yes _____ No _____

I/WE, the undersigned, state that I/WE have read and answered fully and truthfully each of the preceding questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed above, and I/WE declare under penalty of perjury that the foregoing representations are true and correct.

_____
HEAD OF FAMILY

_____
SPOUSE

Subscribed and sworn to before me
this _____ day of _____, _____.

_____ [SEAL]
Notary Public

My commission expires:

INSTRUCTION SHEET

Part I of this Instruction Sheet contains line-by-line instructions to assist your completion of the Certification of Income. The Certification of Income is a statement of the total anticipated amounts, monetary or not, which go to, or on behalf of, the Head of the Family or Spouse (even if temporarily absent) or to any other member of the family who proposes to live in the unit during the 12-month period commencing on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable, including (i) amounts which are anticipated to be received from a source outside the Family during the 12-month period commencing on this date, and (ii) all net income derived from assets to which any member of the Family has access. Excluded therefrom is income specified in PART II of this section.

PART I:

1. "Family" means two or more persons related by blood, marriage, adoption, or operation of law.

6. (a) Provide the total of all wages, salaries, commissions, tips, bonuses, over-time pay, fees and other compensation for personal services, without regard to payroll deductions.

(b) For this purpose, expenditures for amortization of capital indebtedness shall not be deducted to determine income. An allowance for depreciation of assets may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family.

7. For this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business. An allowance for depreciation of assets used in a business or profession may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from the operation of a business or profession will be included in net income from a business or profession except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family.

8. Periodic amounts do *not* include deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

9. Payments in lieu of earnings do *not* include lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and

accident insurance and worker's compensation), capital gains and settlements for personal or property losses.

10. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

(ii) the maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

12. This does *not* include the special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.

13. The amount entered on line 13(a) should include the net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds or other forms of capital investment,

(a) *excluding* an interest in Indian trust land, equity accounts in HUD ownership programs, the value of necessary items of personal property such as furniture and automobiles, the value of a trust fund which is not revocable by, or under the control of, any member of the Family or household, so long as the fund continues to be held in trust and the value of a home currently purchased with assistance under 24 C.F.R., Part 982, Subpart M (limited however to the last ten (10) years after the purchase date of the home), but

(b) *including*, in the case of the disposition of any business or family assets for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of this certificate, the excess of the fair market value of the assets disposed over the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the household member receives important consideration not measurable in dollar terms.

Part II:

The determination of income for the Certification of Annual Income does *not* include any of the following:

A. Temporary, nonrecurring or sporadic income (including gifts).

B. Income from the employment of children (including foster children) under the age of 18 years.

C. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the Family, who are unable to live alone).

D. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of medical expenses for any Family member.

E. The full amount of student financial assistance paid directly to the student or to the educational institution.

F. (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the public housing agency or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the governing body of the public housing agency. No resident may receive more than one such stipend during the same period of time; and

(v) Incremental earnings and benefits resulting to any Family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the Family member participates in the employment training program.

G. Income of a live-in aide. A "live-in aide" means a person who resides with one or more elderly or near-elderly persons (*i.e.,* persons who are at least 50 years of age), or persons with disabilities, and who:

(a) is determined to be essential to the care and well-being of the person(s);

(b) is not obligated for the support of the person(s); and

(c) would not be living in the unit except to provide the necessary supportive services.

A "person with disabilities" means a person who: (a) has a disability as defined in 42 U.S.C. § 423; (b) is determined, pursuant to certain regulations, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or (c) has a developmental disability as defined in 42 U.S.C. § 6001. The term does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. The term does not include a person whose disability is based solely on any drug or alcohol dependence.

H. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937, as amended, as published in the Federal Register from time to time

I. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

J. Earnings in excess of $480 for each full time student 18 years old or older (excluding the Head of Household and Spouse).

K. Adoption assistance payments in excess of $480 per adopted child.

L. Amounts received by the Family in the form of refunds or rebates under state or local law for property taxes paid on the unit.

M. Amounts paid by a state agency to a Family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled Family member at home.

FOR COMPLETION BY DEVELOPMENT OWNER ONLY:

I. CALCULATION OF ANNUAL INCOME:

1. Enter the amount of income for the entire family by adding line 6(a) with lines 7 through 12: $_____

2.(a) If the amount entered in 13(a) is *greater* than $5,000, enter the *greater* of:

(i) the amount entered in 13(b) *or*

(ii) a percentage of the total entered in 13(a) based on the current passbook savings rate as determined by HUD

(b) If the amount entered in 13(a) is less than $5,000, enter the amount entered in 13(b): $_____

3. Add number (1) and (2) to determine ANNUAL INCOME: $_____

II. DETERMINATION OF TENANT ELIGIBILITY:

1. Is the amount entered in line 3 above less than or equal to 40 percent of area median gross income for the area in which the Project is located, completed taking into account the area in which the Project is located and size of the Family occupying the unit for which this Certification of Income is being completed?

Yes_____ No_____

2. Check one of the following:

(a) Line (1) above is No, therefore the Household does not qualify as a Qualified Tenant. _____

(b) Line (1) above is Yes, and 14(a) above is No, therefore the Household qualifies as a Qualified Tenant. _____

(c) Line (1) above is Yes and 14(b) above is Yes, therefore the Household qualifies as a Qualified Tenant. _____

(d) Line (1) above is Yes and 14(a) above is Yes and 14(b) above is No, therefore the Household does not qualify as a Qualified Tenant. _____

3. Number of apartment unit assigned: _____

_____
Apartment Owner

EXHIBIT C

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, being the authorized representative of Whispering Oaks Associates, L.P. (the *"Borrower"*) has read and is thoroughly familiar with the provisions of the various documents associated with the issuance of the $26,000,000 aggregate principal amount of Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008 of The County of Lake, Illinois (the *"Issuer"*), such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants dated as of November 1, 2008 (the *"Regulatory Agreement"*), by and among the Issuer, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (the *"Trustee"*), and the Borrower; and

2. the Financing Agreement, dated as of November 1, 2008, by and among the Issuer, the Trustee and the Borrower.

As of the date of this certificate, the following percentages of completed residential units in the Project (i) are occupied by Qualifying Tenants (as such terms are defined in the Regulatory Agreement), or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualifying Tenant vacated such unit; as indicated:

Occupied by Qualifying Tenants:* _____ percent -- Unit Nos. _____

Held vacant for occupancy
continuously since last
occupied on or after the
date on which the Bonds
(as defined in the Regulatory
Agreement) were issued
by Qualifying Tenant:* _____ percent -- Unit Nos. _____

---

*IMPORTANT: THE SUM OF THESE PERCENTAGES MUST ALWAYS BE 60 PERCENT OR GREATER.

The undersigned hereby certifies that the Borrower is not in default under any of the terms and provisions of the above documents.

WHISPERING OAKS ASSOCIATES, L.P., an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3, LLC, a California limited liability company, its Manager

By _____
Tim English, Managing Member

EXHIBIT D

FREDDIE MAC RIDER

This Freddie Mac Rider (this *"Rider"*) is attached to and forms a part of the Regulatory Agreement and Declaration of Restrictive Covenants (the *"Regulatory Agreement"*), dated as of November 1, 2008, by and among The County of Lake, Illinois (the *"Issuer"*), a political subdivision duly organized and validly existing under the Constitution and the laws of the State of Illinois, The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and validly existing under the laws of the United States of America, as trustee under the hereinafter-defined Indenture (together with any successor trustee under the Indenture described below and their respective successors and assigns, the *"Trustee"*), and Whispering Oaks Associates, L.P., an Illinois limited partnership (together with its permitted successors and assigns, the *"Owner"* or the *"Borrower"*).

1. *Definitions*. Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement. In addition, the following terms shall have the following meanings:

"Bond Mortgage" has the meaning given that term in the Indenture.

"Bond Mortgage Loan" has the meaning given that term in the Indenture.

"Bond Mortgage Loan Documents" has the meaning given to that term in the Indenture.

"Bond Mortgage Note" has the meaning given to that term in the Indenture.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

"Indenture" means the Trust Indenture dated as of November 1, 2008, by and between the Issuer and the Trustee with respect to the Bonds, as the same may have been from time to time amended or modified, together with any other supplements thereto.

"Servicer" means Prudential Affordable Mortgage Company, or a successor Servicer selected by Freddie Mac.

2. *Applicability*. The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. *Indemnification*. Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Owner contained

in the Regulatory Agreement will be deemed applicable to any successor in interest to the Owner, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither Freddie Mac nor any successor in interest to Freddie Mac will assume or take subject to any liability for the indemnification obligations of the Owner for acts or omissions of the Owner prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan; the Owner shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to Freddie Mac. Freddie Mac shall indemnify the Issuer following acquisition of the Project by Freddie Mac, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan, during, and only during, any ensuing period that Freddie Mac owns and operates the Project, provided that Freddie Mac's liability shall be strictly limited to acts and omissions of Freddie Mac occurring during the period of ownership and operation of the Project by Freddie Mac. Except for periods in which Freddie Mac owns and operates the Project and in such case only for such obligations arising during such period, Freddie Mac shall have no indemnification obligations with respect to the Bonds or the Bond Mortgage Loan Documents. The Owner shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to Freddie Mac.

4. *Sale or Transfer*. Restrictions on sale or transfer of the Project or of any interest in the Owner, the Issuer and/or the Trustee consents, transferee 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 Project to Freddie Mac or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. No transfer of the Project shall operate to release the Owner from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Bond Mortgage or any of the other Bond Mortgage Loan Documents that requires the Owner to obtain the consent of Freddie Mac as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Owner, excluding transfers permitted by the Bond Mortgage. No covenant obligating the Owner to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to Freddie Mac upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan by Freddie Mac, or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. Any written consent to a sale or transfer obtained from the Issuer must be deemed to constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions.

5. *Enforcement*. Notwithstanding anything contained in the Regulatory Agreement or the Indenture to the contrary:

(i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Bond Mortgage Loan Documents, except as may be otherwise specified in the Bond Mortgage Loan Documents;

(ii) neither the Issuer nor the Trustee may, upon the occurrence of an event of default under the Regulatory Agreement, seek, in any manner, to (a) cause or direct acceleration of the Bond Mortgage Loan, (b) enforce the Bond Mortgage Note, (c) foreclose on the Bond 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 take any other action under any of the Bond Mortgage Loan Documents, any of the Bond Financing 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) above; and

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

No person other than Freddie Mac shall have the right to (a) declare the principal balance of the Bond Mortgage Note to be immediately due and payable, or (b) commence foreclosure or other like action. The Issuer and the Trustee acknowledge the foregoing limitations.

The foregoing prohibitions and limitations are not intended to limit the rights of the Issuer or the Trustee to specifically enforce the Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Internal Revenue Code and state law. Accordingly, upon any default by the Owner, the Issuer or the Trustee may seek specific performance of the Regulatory Agreement or enjoin acts which may be in violation of the Regulatory Agreement or unlawful, but neither the Issuer nor the Trustee may seek any form of monetary recovery from the Owner, although the Issuer may seek to enforce a claim for indemnification, provided that no obligation of the Owner 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 Owner, occasioned by breach or alleged breach by the Owner 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 Project, whether in favor of the Issuer, the Trustee or any other person, and all such obligations shall be, and by this Rider are, 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 Bond Mortgage Loan Documents. Accordingly, neither the Issuer nor the Trustee shall have the right to enforce any monetary obligation other than directly against the Owner, without recourse to the Project. In addition, any such enforcement must not cause the Owner to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Owner under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

The obligations of any owner under the Regulatory Agreement shall be personal to the person who was the owner at the time that an event, including without limitation any default or breach of the Regulatory Agreement, occurred or was alleged to have occurred, and such person shall remain liable for any and all such obligations, including damages occasioned by a default or breach, even after such person ceases to be the owner of the Project. Accordingly, no subsequent

owner of the Project shall be liable or obligated for the obligation of any prior owner (including the Owner), including, but not limited to, any obligation for payment, indemnification or damages, for default or breach of the Regulatory Agreement or otherwise. The owner of the Project at the time the obligation was incurred, including any obligation arising out of a default or breach of the Regulatory Agreement, shall remain liable for any and all payments and damages occasioned by the owner even after such person ceases to be the owner of the Project, and no person seeking such payments or damages shall have recourse against the Project.

Under no circumstances shall the Issuer or the Trustee:

(i) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Owner to timely pay the principal of, interest on, or other amounts due and payable under, the Bond Mortgage Loan;

(ii) interfere with or attempt to influence the exercise by Freddie Mac of any of its rights under the Bond Mortgage Loan, including, without limitation, Freddie Mac's remedial rights under the Bond Mortgage Loan Documents upon the occurrence of an event of default by the Owner under the Bond Mortgage Loan; or

(iii) upon the occurrence of an event of default under the Bond Mortgage Loan, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan.

6. *Notice of Violations*. Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer or the Trustee shall, by notice in writing to the Borrower, the Servicer and Freddie Mac, inform the Borrower, the Servicer and Freddie Mac 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; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Bond Mortgage Loan, to enforce the Bond Mortgage Note or to foreclose on the Mortgage.

7. *Amendments*. The Regulatory Agreement shall not be amended without the prior written consent of Freddie Mac.

8. *Fees; Penalties*. Freddie Mac shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Owner or any subsequent owner of the Project prior to the date of acquisition of the Project by Freddie Mac, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan.

9. *Subordination*. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1A, 2, 3, 10, 11 and 12 thereof, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Bond Mortgage Loan Documents.

10. *Third-Party Beneficiary*. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Freddie Mac and are entered into for the benefit of various parties, including Freddie Mac. Freddie Mac shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Issuer and/or the Trustee, or to cause the Issuer or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, Freddie Mac is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. *Notices*. Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

Prudential Affordable Mortgage Company
8401 Greensboro Drive, Suite 200
McLean, Virginia 22102
Attention: Loan Servicing (Whispering Oaks Apartments)
Telephone: _____
Facsimile: _____

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Multifamily Management and Control
Telephone: (703) 903-2000
Facsimile: (703) 714-3273

with a copy to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
Mail Stop 210
McLean, Virginia 22102
Attention: Associate General Counsel—Multifamily Legal Department
Telephone: (703) 903-2000
Facsimile: (703) 903-3693

with a copy to:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Telephone: (703) 903-2000
Facsimile: (703) 714-300

TAX EXEMPTION CERTIFICATE AND AGREEMENT

AMONG

THE COUNTY OF LAKE, ILLINOIS

WHISPERING OAKS ASSOCIATES, L.P.

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

$26,000,000
The County of Lake, Illinois
Variable Rate Demand Multifamily Housing Revenue Bonds
(Whispering Oaks Apartments Project)
Series 2008

November __, 2008

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I.	DEFINITIONS	2
ARTICLE II.	DESCRIPTION OF PROJECT	6
Section 2.1.	Purpose of the Bonds	6
Section 2.2.	The Project — Binding Commitment and Timing	6
Section 2.3.	Reimbursement	6
Section 2.4.	Investment of Bond Proceeds.	8
Section 2.5.	No Grants	8
Section 2.6.	Hedges	8
Section 2.7.	Payments to Related Persons	10
Section 2.8.	Internal Revenue Service Audits	10
ARTICLE III.	USE OF PROCEEDS; DESCRIPTION OF FUNDS	10
Section 3.1.	Use of Proceeds	10
Section 3.2.	Purpose of Bond Fund	12
Section 3.3.	Other Funds and Accounts	12
Section 3.4.	No Other Gross Proceeds	12
ARTICLE IV.	ARBITRAGE REBATE; RECORD KEEPING; INVESTMENT DIRECTION	13
Section 4.1.	Compliance with Rebate Provisions	13
Section 4.2.	Rebate Fund	13
Section 4.3.	Records	14
Section 4.4.	Fair Market Value; Certificates of Deposit and Investment Agreements	14
Section 4.5.	Arbitrage Elections	17
ARTICLE V.	YIELD AND INVESTMENT LIMITATIONS	17
Section 5.1.	Issue Price	17
Section 5.2.	Yield Limits.	17
Section 5.3.	Continuing Nature of Yield Limits	18
Section 5.4.	Yield on the Financing Document	18
Section 5.5.	Other Payments Relating to the Bonds	18
Section 5.6.	Federal Guarantees	19
Section 5.7.	Investments After the Expiration of Temporary Periods, Etc.	19
Section 5.8.	Treatment of Certain Credit Facility Fees	19
ARTICLE VI.	MISCELLANEOUS	19
Section 6.1.	Project Certificate; Collateral Tax Consequences	19

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Section 6.2. Termination; Interest of Issuer in Rebate Fund 20
Section 6.3. I.R.S. Form 8038.....20
Section 6.4. No Common Plan of Financing 20
Section 6.5. No Sale of the Project 20
Section 6.6. Future Events 20
Section 6.7. Permitted Changes; Opinion of Bond Counsel.....20
Section 6.8. Public Approval 21
Section 6.9. Volume Cap 21
Section 6.10. Registered Form.....21
Section 6.11. First Amendment.....21
Section 6.12. Record Retention.....22
Section 6.13. Severability 22
Section 6.14. Counterparts.....22
Section 6.15. Notices 22
Section 6.16. Successors and Assigns.....22
Section 6.17. Headings.....23
Section 6.18. Governing Law 23
Section 6.19. Expectations.....23
Section 6.20. Limitation on Issuer Liability 23

Signatures.....25

EXHIBIT A — Estimated Sources and Uses of Funds
EXHIBIT B — Drawdown Schedule of Bond Proceeds
EXHIBIT C — Certificate of Underwriter
EXHIBIT D — Letter of Chapman and Cutler
EXHIBIT E — Gross Proceeds
EXHIBIT F — Form 8038
EXHIBIT G — Schedule of Elections
EXHIBIT H — Certificate of Credit Facility Provider
EXHIBIT I — Declaration of Intent to Reimburse
EXHIBIT J — Certificate of Swap Counterparty
EXHIBIT K — Identification Certificate of Issuer
EXHIBIT L — Borrower's Request for Identification Certificate of Issuer
EXHIBIT M — Fair Market Certificate

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

TAX EXEMPTION CERTIFICATE AND AGREEMENT

The undersigned are duly qualified officers of The County of Lake, Illinois (the *"Issuer"*), Whispering Oaks Associates, L.P. (the *"Borrower"*) and The Bank of New York Mellon Trust Company, N.A., as trustee (the *"Trustee"*). The undersigned officer of the Issuer is charged, with others, with the responsibility for executing and delivering the obligations described on the cover page of this Tax Exemption Certificate and Agreement (the *"Bonds"*). The Bonds were authorized pursuant to a duly adopted Resolution of the Issuer, and are being issued pursuant to that certain Trust Indenture dated as of November 1, 2008 (the *"Indenture"*) by and between the Issuer and the Trustee. Sale Proceeds of the Bonds will be provided to the Borrower pursuant to that certain Financing Agreement dated as of November 1, 2008, by and among the Issuer, the Trustee and the Borrower. Certain terms are defined in Article I of this Tax Exemption Certificate and Agreement. Terms used herein and not defined in Article I hereof shall have the meanings given to them in the Indenture.

One purpose of executing this Tax Agreement is to set forth various facts regarding the Bonds and to establish the expectations of the Issuer, the Borrower and the Trustee as to future events regarding the Bonds and the use of the Bond proceeds. To the extent such facts do not relate directly to the Issuer or the Trustee, the Issuer and the Trustee are relying upon the certifications of the Borrower, which they have no reason to believe are not accurate or may not be relied upon. The certifications, covenants and representations contained herein are made on behalf of the Issuer, the Borrower and the Trustee for the benefit of the owners from time to time of the Bonds.

The Issuer covenants that it will not knowingly, and the Borrower hereby covenants that it will not, take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation of the interest on the Bonds, under present rules, the Issuer may be treated as the "taxpayer" in such examination. The Borrower agrees that it will direct the Issuer to respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination, and the Issuer agrees that it will reasonably cooperate with the Borrower (at the expense of the Borrower) in this regard.

The Trustee is executing and delivering this Tax Agreement solely for the purposes of acknowledging the matters set forth herein, and being bound to undertake the duties and responsibilities relating to amounts held under the Indenture set forth with respect to the Trustee in the following Articles and Sections of this Tax Agreement (including all Exhibits and Appendices referred to herein): Section 2.4 Article III, Sections 4.1, 4.2, 4.3, 4.4, 5.2, 5.3, 5.6, 5.7, 6.2, 6.6, 6.7, 6.12, 6.13, 6.14, 6.15, 6.16 and 6.17 of this Tax Agreement. With respect to matters set forth in the remaining Sections of this Tax Agreement, the Trustee has made no investigations, makes no representation and undertakes no duties or responsibilities.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

ARTICLE I

DEFINITIONS

In addition to such other words and terms used and defined in this Tax Agreement, the following words and terms used in this Tax Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning is intended:

"Administration Fund" means the Administration Fund created pursuant to the Indenture.

"Bond Counsel" means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Fund" means the Bond Fund created pursuant to the Indenture.

"Bond Purchase Fund" means the Bond Purchase Fund created pursuant to the Indenture.

"Bonds" means the Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008 of the Issuer in the aggregate principal amount of $26,000,000.

"Capital Expenditures" means costs of a type that are properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles taking into account the definition of Placed-in-Service set forth herein in this Tax Agreement.

"Closing" means the date of this Tax Agreement, which is the first date on which the Issuer is receiving the purchase price for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commingled Fund" means any fund or account containing both Gross Proceeds and an amount in excess of $25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a commingled fund.

"Control" means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

"Controlled Entity" means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

"Controlled Group" means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has the Control of the other entities.

"Controlling Entity" means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

"Cost of Issuance Fund" means the Cost of Issuance Fund created pursuant to the Indenture.

"Costs of Issuance" means the costs of issuing and carrying the Bonds, including underwriters' discount or fees, the fees and expenses of the Remarketing Agent, the Tender Agent and the Trustee, and legal fees, but not including the fees for the Credit Facility described in Section 5.8 of this Tax Agreement.

"Credit Facility" means the Credit Enhancement Agreement issued by the Credit Facility Provider with respect to the Bonds.

"Credit Facility Provider" means Freddie Mac.

"De minimis Amount of Original Issue Discount or Premium" means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent (2%) of the stated redemption price at maturity of the Bonds, plus (b) any original issue premium that is attributable exclusively to reasonable underwriter's compensation.

"External Commingled Fund" means a Commingled Fund in which the Issuer, the Borrower and all Related Persons to the Issuer and the Borrower, own, in the aggregate, not more than ten percent of the beneficial interests.

"Financing Document" means the Financing Agreement identified in the preamble to this Tax Agreement.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

"GIC" means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and (b) any agreement to supply investments on two (2) or more future dates (*e.g.*, a forward supply contract).

"Gross Proceeds" means amounts in the funds listed on *Exhibit E* attached to and made a part of this Tax Agreement.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

"Indenture" means that certain Trust Indenture pursuant to which the Bonds are being issued and identified in the preamble to this Tax Agreement.

"Issuer" is defined in the preamble to this Tax Agreement.

"Net Sale Proceeds" means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

"Person" means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, limited liability company or group of any of the above.

"Placed-In-Service" means the date on which, based on all the facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level, and (b) the facility is, in fact, in operation at such level.

"*Preliminary Expenditures"* means architectural, engineering, surveying, soil testing, Costs of Issuance and similar costs that were incurred prior to commencement of the acquisition, construction and installation of the Project, but do not include any costs related to land acquisition, site preparation and similar costs incident to commencement of construction.

"Principal Reserve Fund" means the Principal Reserve Fund created pursuant to the Indenture.

"Project" means the acquisition of land, buildings, improvements, furnishings, equipment and related personal property, the rehabilitation thereof and the acquisition of furnishings, equipment and personal property to be installed therein, all to constitute a multifamily rental housing facility located in the City of Waukegan, Lake County, Illinois, as described in the Indenture.

"Project Certificate" means the Project Certificate dated the date hereof and executed by the Borrower in connection with the issuance of the Bonds.

"Project Fund" means the Bond Mortgage Loan Fund created pursuant to the Indenture.

"Purchaser" means the purchaser of the Bonds from the Issuer.

"Qualified Tax Exempt Obligations" means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludible from gross income of the owner thereof for federal income tax purposes; (b) an interest in a regulated investment company to the extent that at least ninety-five percent (95%) of the income to the holder of the interest is interest which is excludible from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

"Rebate Fund" means the Rebate Fund created pursuant to the Indenture.

"Rebate Provisions" means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

"Redemption Fund" means the Redemption Fund created pursuant to the Indenture.

"Regulations" means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

"Reimbursed Expenditures" means amounts, if any, used from Sale Proceeds and investment earnings thereon to reimburse the Borrower for an expenditure paid prior to Closing.

"Reimbursement Allocation" means the act of allocating the amount of Sale Proceeds indicated on *Exhibit A* attached hereto and made a part hereof to reimburse Reimbursed Expenditures.

"Reimbursement Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of November 1, 2008, from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to the Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, and upon the effectiveness of any Alternate Credit Facility, any similar mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance granting a mortgage and security interest in the Project to the Alternate Credit Facility Provider to secure similar obligations of the Borrower to the Alternate Credit Facility Provider, as the same may be amended, supplemented or restated.

"Related Person" means (i) in the case of the Issuer, any member of the same Controlled Group as the Issuer, or (ii) in the case of the Borrower or the Credit Facility Provider, any person related to the Borrower or the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code.

"Revenue Fund" means the Revenue Fund created pursuant to the Indenture.

"Sale Proceeds" means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriter's or placement agent's discount or compensation and accrued interest, other than accrued interest for a period not greater than one (1) year before Closing but only if it is to be paid within one year after Closing, and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.,* a redemption right).

"Tax Agreement" means this Tax Exemption Certificate and Agreement.

"Underwriter" means Banc of America Securities LLC.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

"Yield" means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation produces an amount equal to the obligation's purchase price (or in the case of the Bonds, the issue price as established in Section 5.1 hereof), including accrued interest. For purposes of computing the Yield on the Bonds and on investments, the same compounding interval (which must be an interval of not more than one year) and standard financial conventions (such as a 360-day year) must be used.

"Yield Reduction Payment" means a rebate payment or any other amount paid to the United States of America in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

ARTICLE II

DESCRIPTION OF PROJECT

Section 2.1. Purpose of the Bonds. The Bonds are being issued to finance the Project in a prudent manner consistent with the needs of the Borrower. Sale Proceeds of the Bonds will be provided to the Borrower pursuant to the Financing Document. A breakdown of the sources and uses of funds is set forth in *Exhibit A* attached to and made a part of this Tax Agreement.

Section 2.2. The Project — Binding Commitment and Timing. The Borrower has incurred or will, within six (6) months of the date of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the Issuer, the Borrower or any Related Person to either of them) to a third party to expend at least five percent (5%) of the Net Sale Proceeds on the Project. It is expected that the work of acquiring, rehabilitating and equipping the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through _____, 200_, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund will be spent to pay costs of the Project and interest on the Bonds in accordance with the estimated drawdown schedule contained in *Exhibit B* attached to and made a part of this Tax Agreement.

Estimated total investment income as set forth in *Exhibit A* attached hereto and made a part hereof has been calculated on the basis of an expected overall investment rate as set forth therein on amounts in the Project Fund assuming that (a) the costs of the Project are drawn down in accordance with the schedules contained in *Exhibit B* attached hereto and made a part hereof, and (b) the Costs of Issuance will be drawn down during the three-month period after Closing. The foregoing assumptions represent the best estimate of the Borrower, as of this date, of the drawdown schedules of and investment earnings on the Sale Proceeds.

Section 2.3. Reimbursement. Except for Reimbursed Expenditures, as identified on *Exhibit A* attached hereto and made a part hereof, none of the Sale Proceeds or investment earnings thereon will be used to reimburse the Issuer or the Borrower for an expenditure paid

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

prior to the date of the Closing. The Issuer and the Borrower are making the Reimbursement Allocation to allocate a portion of the Sale Proceeds to the Reimbursed Expenditures incurred in connection with acquiring, constructing and installing the Project and will, after such Reimbursement Allocation, treat such proceeds as being spent. In support of the Reimbursement Allocation, the Issuer and the Borrower hereby represent as follows:

(a) Except as described in (f) below, the Issuer declared an official intent to reimburse such expenditures not later than sixty (60) days after the date such expenditures were paid. At the time the official intent described above was declared, the Borrower and the Issuer (based upon information supplied by the Borrower, upon which it was reasonable and prudent for the Issuer to rely) reasonably expected to reimburse the non-Preliminary Expenditures related thereto with the proceeds of a future borrowing. A copy of the declaration of such intent is attached hereto as *Exhibit I*. With respect to expenditures paid within the sixty (60) day period ending on this date and with respect to which no declaration of intent was previously made, the Issuer and Borrower hereby declare their intent to reimburse such expenditures as identified in *Exhibit A* attached hereto and made a part hereof, and in the description of the Project contained in this Tax Agreement. The Issuer and the Borrower hereby allocate the Sale Proceeds in the amounts indicated on *Exhibit A* attached hereto and made a part hereof, to reimburse the Reimbursed Expenditures.

(b) Except as described in clause (f) below, the date of the Closing is within eighteen (18) months after the later of (i) the first date on which a Reimbursed Expenditure was paid or (ii) the first date on which the property relating to a Reimbursed Expenditure was Placed-in-Service or abandoned, but in no event more than three (3) years after the first date on which a Reimbursed Expenditure was paid.

(c) All Reimbursed Expenditures represent Capital Expenditures or Costs of Issuance.

(d) The Issuer and the Borrower acknowledge that if within one (1) year after the date of the Closing the Issuer or the Borrower deposits any money or other property into any fund or account (other than amounts deposited into a *bona fide* debt service fund) to pay the principal of or interest on the Bonds or any other tax-exempt obligations in an amount corresponding to Gross Proceeds used to reimburse a Reimbursed Expenditure (unless such money or other property constitutes proceeds of a borrowing by the Issuer or the Borrower), it may adversely affect the tax-exempt status of the interest on the Bonds. The Issuer and the Borrower further acknowledge that they have covenanted in this Tax Agreement not to take any action that would cause interest on the Bonds to become includible in the gross income of the holders thereof for federal income tax purposes.

(e) No Reimbursement Allocation will employ any action (i) that results in the Issuer issuing more Bonds, issuing Bonds earlier or allowing Bonds to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Bonds, based upon all of the facts and circumstances, or (ii) that avoids the restrictions of Sections 142 through 147 of the Code.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

(f) The restrictions in paragraphs (a) and (b) above do not apply to (i) an amount of Preliminary Expenditures that does not exceed 20% of the Sale Proceeds being used to finance the portion of the Project with respect to which the Preliminary Expenditures were incurred, (ii) Costs of Issuance, or (iii) an amount not in excess of the lesser of $100,000 or five percent (5%) of the Sale Proceeds.

Section 2.4. Investment of Bond Proceeds. Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax Exempt Obligations) having a Yield that is substantially guaranteed for four (4) years or more. No portion of the Bonds is being issued solely for the purpose of investing a portion of the Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

Section 2.5. No Grants. None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

Section 2.6. Hedges. Except for the Swap, neither the Borrower, the Issuer nor any Related Person to either of them has entered into any hedge (*e.g.,* interest rate cap, futures contract, forward contract or an option) with respect to the Bonds. The Borrower and the Issuer acknowledge that any hedge with respect to the Bonds (including the Swap) will or could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for a hedge fails to clearly reflect the economic substance of the transaction.

The Borrower and the Issuer also acknowledge that if they acquire a hedging contract with an investment element (including *e.g.* an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The Borrower and the Issuer agree not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The Borrower and the Issuer also agree that they will not give any assurances to any Bond holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The Borrower and the Issuer recognize that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

(b) The Swap was entered into primarily to modify the risk of interest rate changes with respect to the Bonds. Based on the certifications contained in *Exhibit M*, which the Issuer and Borrower believe to be reasonable, the Swap was negotiated at arm's length and is fairly priced. On _____, 2008, a date that was within three days after the Trade Date, the Issuer identified the Swap as a hedge for the Bonds. The Issuer will note the existence of the Swap on each form that the Issuer files with the Internal Revenue Service with respect to the Bonds, including Form 8038. The Issuer and the Borrower hereby represent and certify as follows:

(i) No payments have been made or will be made with respect to the Swap other than as set forth in the Swap. Neither the Issuer nor the Borrower and their agents

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

will make or receive any payments with respect to the Swap, other than as set forth in the Swap. The Swap Counterparty is not paying any fees on behalf of or for the benefit either of the Issuer or the Borrower. The Swap is not expected to terminate early.

(ii) The Swap does not contain a significant investment element. No payment to be made by the Borrower or to the Borrower under the Swap relates to a conditional or unconditional obligation by the other party to make a payment on a different date.

(iii) The Swap is between the Borrower and the Swap Counterparty. Neither the Issuer nor the Borrower is a related party to the Swap Counterparty.

(iv) The Swap is primarily interest based. The Bonds, without regard to the Swap, are variable rate bonds. As a result of treating all payments on (and receipts from) the Swap as additional payments on (and receipts from) the Bonds, the resulting bonds would be substantially similar to fixed rate bonds.

(v) The payments received by the Borrower from the Swap Counterparty under the Swap will be received on the same date that interest payments must be made on the Bonds.

(vi) The Borrower expects to make any payments that it must make under the Swap to the Swap Counterparty from the same source of funds that, absent the Swap, is reasonably expected to be used to pay principal of and interest on the Bonds.

(vii) The notional principal amount of the Swap is expected to always equal $_____ (although, subject to the provisions of this Section 2.6, additional hedging contracts may be entered into with respect to the Bonds). The Borrower does not reasonably expect that the Swap will be modified before its stated termination date, unless the Bonds are retired in full on an earlier date than the stated termination date of the Swap (in which case, the Borrower would expect that the Swap would be terminated on the date the Bonds are refunded in full), or converted to a fixed rate on an earlier date than the stated termination date of the Swap (in which case, the Borrower would expect that the Swap would terminate on the date on which the Bonds stopped bearing interest at a variable rate). The Borrower does not expect to change the interest rate mode on the Bonds from the Weekly Rate (as defined in the Indenture).

(viii) Taking into account all payments made and received under the Swap and all payments on the Bonds (*i.e.* after netting all payments) the Borrower's aggregate payments are fixed and determinable as of the issue date of the Bonds except for variability that may result from the difference between the variable rate on the Bonds and the variable rate on the Swap. Based on the certifications set forth in *Exhibit J*, which the Issuer and Borrower believe to be reasonable, the variable rate on the Bonds and the variable rate on the Swap are substantially the same as, but not identical to, each other. The variable rate on the Swap and the variable rate on the Bonds are reasonably expected to be substantially the same throughout the term of the Swap.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

(c) Attached hereto as *Exhibits J*, *K* and *L* are the Certificate of Swap Counterparty, Identification Certificate of the Issuer and the Borrower's Request for Identification Certificate of Issuer, respectively, supporting the conclusions contained herein.

(d) The Issuer and the Borrower agree not to change the mode of the Bonds during the term of the Swap, except as permitted under Section 7.9 herein.

(e) Pursuant to the final paragraph of the fair market certificate attached hereto as *Exhibit M*, the Borrower designates Chapman and Cutler LLP as a person that can rely on such fair market certificate.

Section 2.7. Payments to Related Persons. None of the Sale Proceeds or investment earnings thereon will be paid to the Issuer, the Borrower or any Related Person to the Issuer or the Borrower, except for reimbursements to the Borrower for amounts paid to persons other than the Issuer, the Borrower or any Related Person to the Issuer or the Borrower and the Issuer's fee.

Section 2.8. Internal Revenue Service Audits. The Issuer represents that the Internal Revenue Service has not contacted the Issuer regarding any obligations issued by or on behalf of the Issuer the proceeds of which have been or are to be used to finance assets or used for a purpose similar to the assets to be financed with the proceeds of the Bonds or the purpose for which the Bonds are being issued or that are secured by or reasonably expected to be paid from the same or similar source as the Bonds.

The Borrower represents that it has not been contacted by the Internal Revenue Service or any issuer of bonds, the proceeds of which were lent to (or otherwise used for the benefit of) the Borrower regarding any examination of any tax exempt bonds issued for the benefit of the Borrower. To the best of the knowledge of the Borrower, no bonds issued as tax exempt bonds for the benefit of the Borrower are or have been under examination by the Internal Revenue Service.

ARTICLE III

USE OF PROCEEDS; DESCRIPTION OF FUNDS

Section 3.1. Use of Proceeds. (a) *Exhibit A* describes the use of the Sale Proceeds and investment earnings thereon and the funds held under the Indenture on the date of the Closing. No Sale Proceeds will be used to prepay for services or goods to be received over a period of years prior to the date such services or goods are to be received, except for any payment to the Credit Facility Provider.

The Issuer and the Borrower intend to use the proceeds of the Bonds (including all investment earnings thereon) for the purposes set forth on *Exhibit C* attached to and made a part of the Project Certificate and do not intend the Indenture or any other document related in any manner to the Project to be construed to permit proceeds of the Bonds (including all investment earnings thereon) to be used in a manner different than set forth on *Exhibit C* attached to and made a part of the Project Certificate. If, for any reason, proceeds of the Bonds (including

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

investment earnings) are actually used for a purpose not listed on *Exhibit C* attached to and made a part of the Project Certificate, the Issuer and the Borrower hereby allocate any proceeds of the Bonds (including investment earnings) so used to a use listed on *Exhibit C* attached to the Project Certificate. If the proceeds of the Bonds (including investment earnings) are used to pay interest on the Bonds that is not considered to be a capital expenditure, the Issuer and the Borrower hereby allocate such expenditure to another use on *Exhibit C* attached to and made a part of the Project Certificate.

(b) As shown on *Exhibit A*, only the following funds and accounts will be funded on the date of the Closing: the Project Fund and the Costs of Issuance Fund. Other than the foregoing funds, the only other funds and accounts created under the Indenture are the Bond Fund, the Revenue Fund (which is divided into the General Account and the Credit Facility Account), the Redemption Fund, the Administration Fund, the Principal Reserve Fund and the Rebate Fund. No amounts, regardless of the source, are being deposited into these other funds and accounts on the date of the Closing.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) The Costs of Issuance will be paid from the Cost of Issuance Fund. Any moneys remaining in Costs of Issuance Fund after the payment of all Costs of Issuance permitted to be paid from the Costs of Issuance Fund will be transferred to the Project Fund within ninety (90) days of Closing.

(e) The costs of the Project will be paid from the Project Fund, and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

(f) Amounts drawn by the Trustee on the Credit Facility will, except as otherwise provided in the Indenture, be deposited into the Credit Facility Account of the Revenue Fund and will be applied for the purpose for which such draw was made.

(g) Payments made by the Borrower under the Financing Agreement and under the Reimbursement Agreement will be deposited in the Revenue Fund when received by the Trustee to be transferred to the Bond Fund to be used, directly or indirectly, to pay interest on and principal of the Bonds or to the Redemption Fund to be applied to the mandatory sinking fund redemption, mandatory redemption and/or optional redemption of the Bonds in accordance with the provisions of the Indenture.

(h) Amounts from the Borrower will be deposited in the Principal Reserve Fund in accordance with the Principal Reserve Schedule (as defined in the Indenture) attached to the Reimbursement Agreement. Investment income earned on amounts on deposit in the Principal Reserve Fund will be deposited into the Principal Reserve Fund. Amounts in the Principal Reserve Fund will be used to reimburse the Credit Provider for unreimbursed advances under the Credit Facility and to pay, directly or indirectly, other amounts required to be paid by the Borrower under the Bond Mortgage Loan Documents (as defined in the Indenture), to pay amounts owed to the Credit Facility Provider in connection with any loan purchased by the

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Credit Facility Provider and secured by the Project, to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider or as otherwise permitted by the Indenture.

(i) *Rebate Fund*. The Trustee shall hold and apply the Rebate Fund as provided in this Tax Agreement.

Section 3.2. Purpose of Bond Fund. The Bond Fund will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund for the immediately preceding bond year, or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

Section 3.3. Other Funds and Accounts. The Bond Mortgage Loan Fund, the Bond Purchase Fund, the Administration Fund and the Cost of Issuance Fund will not contain any Sale Proceeds or any investment earnings thereon. No amounts in such funds or accounts are expected to be used to pay debt service on the Bonds and no amounts in the Bond Purchase Fund will be used to pay principal or interest on the Bonds. Because amounts in such funds are available for uses other than the payment of debt service on the Bonds, there are no assurances that such amounts would be available to pay principal or interest on the Bonds or the obligations under the Credit Facility or any other credit enhancement or liquidity device with respect to the Bonds, even if the Issuer, the Borrower, the Credit Facility Provider or any Related Person to any of them encounters financial difficulties.

Section 3.4. No Other Gross Proceeds. (a) Except as identified on *Exhibit E* attached hereto and made a part hereof, and except for the Credit Facility, after the issuance of the Bonds, neither the Issuer, the Borrower nor any Related Person to either of them has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund and amounts in the funds described in Section 3.3 hereof);

(iii) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(iv) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay the principal of or the interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay the principal of or interest on the Bonds or the obligations under

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

the Credit Facility or any other credit enhancement or liquidity device with respect to the Bonds, even if the Issuer, the Borrower or any Related Person to either of them encounters financial difficulties;

(v) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the owners of the Bonds, the Credit Facility Provider or any other credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to pay the principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the owners of the Bonds or a guarantor of the Bonds); or

(vi) amounts actually or constructively received from the investment and reinvestment of the amounts described in clause (i) or clause (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes or similar arrangement exists with respect to, in any way, the Bonds, the Financing Document, the Credit Facility or any other credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds because the weighted average maturity of the Bonds does not exceed 120 percent of the average reasonably expected economic life of the Project as evidenced in the Project Certificate.

(d) All property subject to the Reimbursement Mortgage is and will be used by the Borrower in the conduct of its trade or business, and none of such property consists of securities, obligations, annuity contracts or other property held principally as a passive vehicle for the production of income.

ARTICLE IV

ARBITRAGE REBATE; RECORD KEEPING; INVESTMENT DIRECTION

Section 4.1. Compliance with Rebate Provisions. The Borrower covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The Borrower will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law. The Issuer shall be obligated to make such payments only out of amounts available under the Indenture or otherwise provided by the Borrower. Bond Counsel has provided a memorandum attached hereto as *Exhibit D* concerning the principles set forth in the Regulations regarding rebate.

Section 4.2. Rebate Fund. The Issuer is authorized by the Indenture to create and establish a special fund to be known as the Rebate Fund, which, if created, shall be continuously held, invested, expended and accounted for in accordance with the Indenture and this Tax

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Agreement. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States of America as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Tax Agreement.

In addition to the amounts provided in this Tax Agreement, the Borrower hereby agrees to pay to the Trustee for deposit in the Rebate Fund for payment to the United States of America any amount which under the Regulations must be deposited in the Rebate Fund for payment to the United States of America with respect to the Bonds, but which is not available under the Indenture for transfer to the Rebate Fund for payment to the United States of America.

Section 4.3. Records. The Trustee (with respect to amounts held under the Indenture) and the Borrower agree to keep and retain or cause to be kept and retained until three (3) years after the Bonds are paid in full adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include:

(a) purchase price;

(b) purchase date;

(c) type of investment;

(d) accrued interest paid;

(e) interest rate;

(f) principal amount;

(g) maturity date;

(h) interest payment date;

(i) date of liquidation; and

(j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

Section 4.4. Fair Market Value; Certificates of Deposit and Investment Agreements. The Borrower will direct the Trustee to, and to the extent the Trustee has investment discretion

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

the Trustee shall, continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Tax Agreement and the Indenture. In directing the Trustee with respect to such investments, the Borrower shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States of America purchased directly from the United States of America. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States of America, and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public, or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if:

(i) the bid specifications are in writing, include all material terms of the bid, and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three (3) of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

(vi) at least three (3) of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one (1) of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Borrower or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the Borrower or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the Borrower will retain the following records with its bond documents until three (3) years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under paragraph (b)(xi) of this section;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States of America shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

described in this section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

The Borrower (and the Trustee, to the extent of any investment discretion) agrees that an investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length, and had the rebate or Yield restriction requirements not been relevant. An investment of Gross Proceeds shall be made in a Commingled Fund, other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this Section 4.4.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restrictions.

The foregoing provisions of this Section 4.4 satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this Section 4.4 are contained herein for the protection of the Borrower, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The Borrower will contact Bond Counsel if it does not wish to comply with the provisions of this Section 4.4, and forego the protection provided by the safe harbors provided in this Tax Agreement. Modifications to this Tax Agreement can be made in accordance with Section 6.7 of this Tax Agreement.

Section 4.5. Arbitrage Elections. Attached hereto as *Exhibit G* is a schedule of elections regarding certain matters with respect to arbitrage executed by the Issuer on the date hereof. The elections made by the Issuer on *Exhibit G* are incorporated by reference as if made herein.

ARTICLE V

YIELD AND INVESTMENT LIMITATIONS

Section 5.1. Issue Price. The Underwriter has certified, *inter alia*, in the Certificate of the Underwriter set forth as or referenced in *Exhibit C*, which is attached hereto that the first offering price at which the Bonds were sold is par.

Section 5.2. Yield Limits. (a) Except as provided in paragraph (b) below all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Reduction Payments) not in excess of the Yield on the Bonds, plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent (1/8 of 1%).

(b) The following may be invested without Yield restriction:

(i) amounts on deposit in the Bond Fund (except for capitalized interest) that have not been on deposit under the Indenture for more than thirteen (13) months, so long as the Bond Fund continues to qualify as a *bona fide* debt service fund as described in Section 3.2 hereof;

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project or the interest on the Bonds during the three (3) year period beginning on the date of issue of the Bonds prior to three (3) years after the date of the Closing;

(iii) amounts in the Cost of Issuance Fund prior to the earlier of 90 days after the date of the Closing or the payment of all expenses to be paid from that fund;

(iv) an amount not to exceed the lesser of $100,000 or five percent (5%) of the Sale Proceeds;

(v) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and the Indenture);

(vi) amounts in the Rebate Fund; and

(vii) all amounts derived from the investment of Sale Proceeds or investment earnings thereon for a period of one (1) year from the date received.

Section 5.3. Continuing Nature of Yield Limits. Except as provided in Section 6.7 hereof, once moneys are subject to the Yield limits of Section 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

Section 5.4. Yield on the Financing Document. Payments of repayment installments under the Financing Document will be due not later than the day and in the same amount as payments are due on the Bonds. The earnings and profits of any temporary investments of amounts held under the Indenture, if any, will accrue to the Borrower, not to the Issuer. The Yield on the Financing Document, taking into account the Issuer's fee described in Section 5.5 hereof, does not exceed the Yield on the Bonds by more than one-eighth of one percent (1/8 of 1%).

Section 5.5. Other Payments Relating to the Bonds. Except for (a) the payments under the Financing Document as described above, (b) Costs of Issuance relating to the Bonds, including any underwriter's discount, (c) the fees and expenses of the Trustee, (d) the fees of the Credit Facility Provider, (e) fees for the Tender Agent [and the Servicer] and (f) an Issuer's fee of $260,000, no consideration, in cash or in kind, is being or will be paid by any person to any

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

person in connection with or relating to issuing, carrying or redeeming the Bonds or issuing, carrying or repaying the obligations of the Borrower under the Financing Document.

Section 5.6. Federal Guarantees. Except for investments meeting the requirements of Section 5.2(b)(i), (ii) and (iii) hereof, investments of Gross Proceeds shall not be made in federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code).

Section 5.7. Investments After the Expiration of Temporary Periods, Etc. After the expiration of the temporary period set forth in Section 5.2(b)(ii) hereof, amounts in the Project Fund may not be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code), or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States of America [except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips)]. Any other amounts that are subject to the yield limitation in Section 5.2(a) hereof because Section 5.2(b)(i) or (iii) hereof is not applicable and amounts not subject to yield restriction only because they are described in Section 5.2(b)(iv), (v), (vi) or (vii) hereof, are also subject to the limitation set forth in the preceding sentence.

Section 5.8. Treatment of Certain Credit Facility Fees. Based upon representations made in the Certificate of the Underwriter set forth as or referenced in *Exhibit C* attached hereto and made a part hereof, and based upon representations made in the Certificate of the Credit Facility Provider set forth as or referenced in *Exhibit H* attached hereto and made a part hereof which the Issuer and the Borrower have no reason to believe are untrue, and the representations contained in this Tax Agreement, the fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

The Credit Facility is an unconditional obligation of the Credit Facility Provider to pay the interest on and principal and tender price of the Bonds. Neither the Issuer nor the Borrower nor any Related Person to either of them is a Related Person to the Credit Facility Provider. Other than the fee paid to the Credit Facility Provider, neither the Credit Facility Provider nor any person who is a Related Person to the Credit Facility Provider will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk. It is not reasonably expected that the Credit Facility Provider will be called upon to make any payment under the Credit Facility for which it will not be immediately reimbursed. No entity is entitled to a refund in excess of the unearned portion of the fee paid in the event a Bond is returned before its final maturity date.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Project Certificate; Collateral Tax Consequences. (a) The Borrower covenants that it will take all actions within its control that may be necessary to cause all representations and covenants in the Project Certificate with respect to future events to be true.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

(b) The Borrower acknowledges that, because interest on the Bonds is excludible from gross income for federal income tax purposes, certain consequences and special rules may result to the Borrower with respect to federal income taxation of the Borrower. These consequences may include the required use of the alternative depreciation system for tax-exempt bond financed property under Section 168(g)(5) of the Code and the loss of the deductibility of interest paid with respect to the Bonds upon a "change in use" under Section 150(b) of the Code. The Borrower acknowledges that Chapman and Cutler LLP was not retained to advise and has no responsibility to advise the Borrower with respect to any of such consequences. The Borrower will consult with its own tax advisors with respect to such matters.

Section 6.2. Termination; Interest of Issuer in Rebate Fund. This Tax Agreement shall terminate at the later of (a) seventy-five (75) days after the Bonds have been fully paid and retired, or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States of America and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States of America. Notwithstanding the foregoing, the provisions of Section 4.3, Section 4.4(c) and Section 6.12 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

Section 6.3. I.R.S. Form 8038. The information contained in the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, attached hereto as *Exhibit F*, is true, correct and complete. The Issuer will file Form 8038 (and all other required information reporting forms) in a timely manner.

Section 6.4. No Common Plan of Financing. Since _____, 2008, neither the Issuer, the Borrower nor any Related Person to either of them has sold any obligations, other than the Bonds, that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the Issuer, the Borrower nor any Related person to either of them will sell within fifteen (15) days after the date upon which the Bonds were sold any obligations, other than the Bonds, that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

Section 6.5. No Sale of the Project. Neither the Project nor any portion thereof has been, is expected to be or will be sold or otherwise disposed of, in whole or in part, prior to the last maturity date of the Bonds.

Section 6.6. Future Events. The Issuer, the Trustee and the Borrower acknowledge that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and in the memorandum of Bond Counsel attached hereto as *Exhibit D*, and agree to promptly contact Bond Counsel if such changes do occur.

Section 6.7. Permitted Changes; Opinion of Bond Counsel. The Yield restrictions contained in Section 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

entitled and the Issuer, the Trustee and the Borrower receive an opinion of Bond Counsel to the effect that such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled.

Section 6.8. Public Approval. A notice of public hearing (the *"Notice"*) was published in one or more newspapers of general circulation throughout the jurisdiction of the Issuer (including the location of the Project). At least fourteen (14) days after the publication of the Notice a public hearing (the *"Public Hearing"*) was held at the time and place specified in the Notice. The Public Hearing provided a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the Bonds and the location and nature of the Project. After the Public Hearing, the County Board of the Issuer approved the issuance of the Bonds. The Project is and will be located at the location set forth in the Notice, which is within the jurisdiction of the Issuer, and is and will be as described in the Notice. The following items relating to the approval of the Bonds are contained elsewhere in the transcript of the issuance of the Bonds:

	DESCRIPTION	TRANSCRIPT
(i)	Minutes of the Public Hearing	Item ____
(ii)	Publisher's Affidavit (including the form of "Notice of Public Hearing")	Item ____
(iii)	Approval	Item ____

Section 6.9. Volume Cap. The Issuer has obtained an allocation of volume cap available under Section 146 of the Code from one or more home rule units of government, valid under applicable State of Illinois law, greater than or equal to the issue price of the Bonds, which the Issuer has irrevocably allocated to the Bonds. Evidence of this allocation is contained in items ____ and ____ of the transcript for the issuance of the Bonds.

Section 6.10. Registered Form. The Issuer and the Borrower each recognize that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer and the Borrower each agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 6.11. First Amendment. The Issuer acknowledges and agrees that it will not knowingly, and the Borrower acknowledges and agrees that it will not, use, or allow the Project to be used, in a manner that is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State of Illinois.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Section 6.12. Record Retention. The Issuer, the Trustee and the Borrower will each maintain sufficient records to demonstrate compliance with all covenants set forth herein and in the Project Certificate, to support the continued exclusion of the interest paid on the Bonds from federal income taxation and to show that all tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to: basic records relating to the Bond transaction (including this Tax Agreement, the Project Certificate, resolutions, the Indenture and the opinion of Bond Counsel); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (including, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under Section 4.3 and Section 4.4 hereof and in particular information related to the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments if any, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for at least as long as the Bonds are outstanding, plus the period ending three (3) years after the latest of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds or for such longer period as may be required by this Tax Agreement.

Section 6.13. Severability. If any clause, provision or section of this Tax Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions of this Tax Agreement; provided, however, that no holding of invalidity shall require the Issuer to make any payments from revenues other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Financing Document (except such proceeds as may be derived by the Issuer pursuant to its Reserved Rights, as defined in the Indenture) or impose any personal liability on any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer.

Section 6.14. Counterparts. This Tax 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.

Section 6.15. Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto shall be deemed given on the date on which the same shall have been mailed to the addresses and by the methods set forth in the Indenture.

Section 6.16. Successors and Assigns. The terms, provisions, covenants and conditions of this Tax Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties to the Tax Agreement.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Section 6.17. Headings. The headings of this Tax Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Agreement.

Section 6.18. Governing Law. This Tax Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to conflicts of law principles.

Section 6.19. Expectations. The undersigned have reviewed the facts, estimates and circumstances presented by the Borrower and other persons in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the Issuer and the Borrower as to future events, are set forth in summary form in this Tax Agreement. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein and in the Project Certificate, the undersigned have adopted the expectations contained in this Tax Agreement. On the basis of such facts, estimates, circumstances and expectations, and based on the knowledge and belief of the Issuer, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations. To the extent the Issuer is relying on the representations, expectations and covenants of the Borrower, the Issuer has no reason to believe such representations, expectations and covenants of the Borrower are not accurate or may not be relied upon.

Section 6.20. Limitation on Issuer Liability. No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Tax Agreement and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way except out of payments to be made by the Borrower under the Financing Document, other than payments to be made by the Borrower pursuant to the Unassigned Rights of the Issuer. No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Issuer for any failure to comply with any term, condition, covenant, obligation or agreement herein; *provided,* that no costs, expenses or other monetary relief shall be recoverable from the Issuer, except as may be payable by the Borrower. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois or any political subdivision thereof to pay the Bonds or the premium, if any, or interest thereon. The Bonds shall not constitute an indebtedness of the Issuer, the State of Illinois or any political subdivision thereof, within the meaning of any constitutional or statutory provision.

Anything in this Tax Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Borrower upon request of the Issuer; and (c) none of the provisions of this Tax Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

All covenants, stipulations, representations, promises, agreements and obligations of the Issuer contained in this Tax Agreement or in any of the Bonds or in any other document executed in connection herewith or therewith shall be deemed to be limited covenants, stipulations, representations, promises, agreements and obligations of the Issuer, and not of any past, present or future director, member, elected or appointed officer, official, employee, attorney or agent of the Issuer in his or her individual capacity. No recourse shall be had against any such individual, either directly or through the Issuer or otherwise for the payment for or to the Issuer or any sum that may be due and unpaid by the Issuer, upon the Bonds or under any obligation, covenant, stipulation, promise or agreement contained herein, in the Bonds or in any other document executed in connection herewith or therewith and no recourse shall be had against any of such persons on account of the issuance and sale of the Bonds or on account of any representations made in connection therewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of any such person to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the owner of any of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any of the documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition to and in consideration for the issuance of the Bonds and the execution of this Tax Agreement and related documents.

The Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof or of any related document until it shall have been requested to do so by the Borrower or the Trustee and shall have received form the Borrower, the Trustee or the owners of the Bonds, assurance satisfactory to the Issuer that the Issuer will be reimbursed for its expenses, including attorneys' fees and expenses, incurred or to be incurred in connection with the taking of such action or execution of such instrument.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

DATED: November __, 2008

THE COUNTY OF LAKE, ILLINOIS

By _____
Chairman

WHISPERING OAKS ASSOCIATES, L.P.
By ATWO, LLC, its sole general partner

By _____
Manager

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Its_____

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT A

ESTIMATED SOURCES AND USES OF FUNDS*

SOURCES:

Sale Proceeds of Bonds	$26,000,000
Estimated Investment Earnings (___% rate)	_____
TOTAL	$_____

USES:

Reimbursement for Acquisition of Project	_____
Rehabilitation Expenditures Reimbursement: _____ Non-Reimbursement: _____ $_____	
Capitalized Interest	_____
Costs of Issuance	_____
Credit Enhancement Costs	_____
TOTAL	$_____

* Accrued interest is excluded.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT B

DRAWDOWN SCHEDULE OF BOND PROCEEDS

DATE	AMOUNT
Closing	$
	Balance

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT C

CERTIFICATE OF UNDERWRITER

The undersigned is an officer of Banc of America Securities LLC (the *"Underwriter"*), and as such officer I hereby certify as follows:

1. The Underwriter, The County of Lake, Illinois (the *"Issuer"*) and Whispering Oaks Associates, L.P. (the *"Company"*) have executed a bond purchase agreement in connection with the Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project) Series 2008 of the Issuer (the *"Bonds"*) on November __, 2008 (the *"Sale Date"*). Such agreement has not been modified since its execution on the Sale Date.

2. The Underwriter hereby confirms that the first price at which all of the Bonds have been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is equal to par, there being no accrued interest. The initial interest rate for the Bonds was the lowest rate necessary to sell the Bonds at par at Closing.

3. All of the Bonds have been the subject of a *bona fide* initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those referred to in paragraph 2 above. Based upon our assessment of then prevailing market conditions, such prices are not less than the fair market value of each Bond as of the Sale Date.

4. The present value of the fees paid and to be paid for the Credit Facility over the term of the Bonds (using as a discount rate the expected Yield on the Bonds treating the fees paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Credit Facility. The fees paid and to be paid for the Credit Facility do not exceed a reasonable, arm's-length charge for the transfer of credit risk. The fees do not include any payment for any direct or indirect services other than the transfer of credit risk.

5. The Underwriter hereby confirms that the weighted average maturity of the Bonds is not greater than _____ years.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this Certificate is attached.

Dated: November __, 2008

Very truly yours,

BANC OF AMERICA SECURITIES LLC

By _____
Vice President

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT D

CHAPMAN AND CUTLER

MEMORANDUM

TO: The County of Lake, Illinois
Whispering Oaks Associates, L.P.
The Bank of New York Mellon Trust Company, N.A., as trustee

DATE: November __, 2008

Re: The County of Lake, Illinois
Variable Rate Demand Multifamily Housing Revenue Bonds
(Whispering Oaks Apartments Project)
Series 2008

We have acted as Bond Counsel in connection with the issuance on this date of the Bonds. In a Tax Exemption Certificate and Agreement delivered by you on this date (the *"Tax Agreement"*), you have agreed to comply with the arbitrage rebate requirements (or, in the case of The Bank of New York Mellon Trust Company, N.A., as Trustee, certain of such requirements) of Section 148 of the Internal Revenue Code of 1986, as amended. The purpose of this memorandum is to set out generally the rules that you must follow to comply with the Tax Agreement. This letter does not describe how to compute the amount to be rebated to the United States, and due to the complexity involved, the computation will, in all likelihood, require consultation with an expert.

The Internal Revenue Service has issued regulations relating to arbitrage and rebate matters. This memorandum is based upon these regulations, which are subject to change in the future. Such changes may require future recalculation of rebate amounts. For these reasons, it is very important for you and your tax advisors to keep abreast of developments in this area.

The following advice is based on factual information contained in the Tax Agreement. If the facts or expectations stated therein change, please call us to determine whether this results in a change in the following rules. Please note that the rules governing permissible Yield on investments set forth in the Tax Agreement are in addition to the rebate rules and, although you might be allowed to earn a Yield in excess of Bond Yield under the Yield rules, such excess may still be required to be rebated. In some cases, the payment of rebate may assist in compliance with the Yield restriction requirements. Thus, rebate compliance and Yield restriction compliance may operate together rather than independently. In any case, rebate compliance is essential to the maintenance of tax exemption even if no amounts are subject to Yield restriction. Terms not defined herein shall have the meanings set forth in the Tax Agreement.

General Rule. Except in the case of certain exceptions and elections as summarized below, every five years and at the final retirement of all of the Bonds you must compute and pay (as described below) to the United States the difference (the *"Excess Earnings"*) between the

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

amount earned on all investments and reinvestments of "gross proceeds" (as listed on *Exhibit E* to the Tax Agreement) of the Bonds (*"Actual Earnings"*) and the amount that would have been earned if gross proceeds of the Bonds had been invested at Bond Yield (the *"Allowable Earnings"*). Earnings to be taken into account are *not* determined under normal tax accounting principles. In addition to taking into account earnings received (either actually or constructively), receipts with respect to investments that have not been liquidated are computed by assuming that such investments are, in essence, converted to cash as of each computation date (as such dates are described below). The "cash value" of investments determined in this manner is subject to many special rules. Under many circumstances, the "market value" of an investment may be used. The application of these rules is complex and requires a comprehensive understanding of the rebate regulations.

To properly plan for the eventual payment of rebate to the United States, we suggest that you make annual calculations estimating rebate liability. The Tax Agreement refers to a "rebate fund" into which you may also wish to deposit annual estimates of rebate liability so that the payment to the United States may be made from amounts set aside. Federal tax law does *not*, however, require such set asides. In any event, we strongly encourage you to make an annual estimate of the rebate liability. The calculations can be lengthy and often produce surprising results. Experience in operating our rebate calculation service indicates that the calculation is far more difficult as the period of time for which the calculation is being performed increases.

Phantom Income. With certain exceptions, amounts paid for administrative costs are not treated as increasing earnings for purposes of rebate calculations. Administrative costs that do not increase earnings are reasonable, direct administrative costs, other than carrying costs, and generally include brokerage commissions for the purchase of investment agreements (but only to the extent that the commission does not exceed the lesser of a reasonable amount or the present value of annual payments equal to 0.05 percent of the weighted average amount reasonably expected to be invested each year of the term of the investment agreement) and separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody, and similar costs and expenses.

Computation Dates. Each calculation of Excess Earnings should be made as of a "Computation Date." The Computation Date should be the same date in each calendar year (except that the final Computation Date should be the date on which all of the Bonds are actually retired). As indicated above, a Computation Date is required at least every five years. The first Computation Date must be on or before the fifth anniversary of the issuance of the Bonds. Each Computation Date, other than the final Computation Date, is the end of a bond year. A bond year ends on any date within one year of the issuance of the Bonds that you choose. If you do not choose an ending date for a bond year, it will be the anniversary date of the issuance of the Bonds.

Excess Earnings on a fixed Yield issue are determined by comparing Actual Earnings as of a Computation Date with Allowable Earnings as of the same date. Allowable Earnings are based on the Bond Yield as of such Computation Date. Bond Yield may change, but for reasons described below under "Bond Yield" it is unlikely to change over the life of the Bonds. If Bond

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Yield decreases as of a particular Computation Date, rebate (or additional rebate) may be due with respect to investments that have previously matured and the proceeds thereof spent.

Except as provided below, on a variable Yield issue, Excess Earnings are computed for the period of time between Computation Dates (or from the date of issue of the Bonds in the case of the first Computation Date) by calculating Allowable Earnings based on Bond Yield for that period of time and comparing it with Actual Earnings for the same period. Once calculated for each such period, rebate for that period cannot change—*i.e.,* a snapshot for that period is taken and it never changes. Prior to the first date on which a rebate payment is required, you may choose to treat the end of any bond year as a computation date for purposes of the snapshot approach.

Bond Yield. For fixed Yield issues, generally Bond Yield is calculated based upon expected payments of principal of and interest on the Bonds (including amounts treated as interest). Bond Yield on a fixed Yield issue is generally not required to be recalculated after the date of issuance except under certain limited circumstances. Generally, recomputation is required upon changes in hedging transactions (*e.g.,* purchase or termination of a swap or cap agreement associated with the Bonds) or the transfer of rights associated with the Bonds (*e.g.,* sale of a call option). The actual rules for computing Bond Yield are quite complex, and if Bond Yield must be calculated or recalculated, an expert should be consulted.

For variable Yield issues, as discussed above, Bond Yield is computed as of each Computation Date for the period from the prior Computation Date (or from the date of issue of the Bonds in the case of the first Computation Date) to the current Computation Date, and it is based upon (a) the actual payments of principal and interest on the Bonds (including amounts treated as interest) and (b) the assumed receipt on such date of an amount equal to the value of the outstanding Bonds. As with the calculation of Yield on a fixed Yield issue, the actual rules for computing Bond Yield are quite complex and an expert should be consulted.

Generally, upon conversion of a variable Yield issue to a fixed Yield issue the Yield on the issue after the conversion date will be calculated under the fixed Yield rules discussed above. Certain special rules and elections apply upon such a conversion and an expert should be consulted.

For variable Yield issues, you may select the computation dates, using all information available, so as to minimize rebate liability. Such selection may be made up to the first required payment date (generally five years after the date of issue). Periods as short as one year or as long as five years may be selected. Following the selection, all subsequent periods must be one-year or five-year periods. Use of shorter periods does not accelerate rebate liability.

Gross Proceeds. Based upon the facts and expectations presented in the Tax Agreement, the gross proceeds of the Bonds are all moneys and investments in the funds and accounts (regardless of where held) listed on *Exhibit E* to the Tax Agreement. If, contrary to the expectations described in the Tax Agreement, moneys or investments are pledged or otherwise set aside for payment of principal of or interest on the Bonds, such amounts may also constitute gross proceeds.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Universal Cap. Gross proceeds will cease to be allocated to the Bonds (and will therefore be treated as if spent) to the extent that the amount of gross proceeds exceeds the outstanding amount of the Bonds (the *"Universal Cap"*). Although special rules are applicable in the case of discount bonds, the outstanding amount of bonds is roughly equal to the outstanding principal amount. Generally, but not always, the market value of investments is used to test the amount of gross proceeds. The Universal Cap may cause allocations on the second anniversary of the issue date and as of the first day of each bond year thereafter.

Commingled Funds. Funds allocated to two or more issues, or containing amounts that are not gross proceeds of the Bonds and amounts that are gross proceeds of the Bonds (including, for example, parity reserve funds) in which amounts are invested collectively without regard to source of funds must be treated as commingled funds. Investment earnings on commingled funds must be allocated to the gross proceeds of the Bonds according to a consistently applied reasonable ratable allocation method. Such method, for example, may be based on average daily balances. Investments in commingled funds must be valued annually to properly allocate unrealized gain or loss to the gross proceeds of the Bonds. This mark to market requirement will not apply if the weighted average maturity of all investments held in the commingled fund during a particular fiscal year does not exceed 18 months and does not apply to commingled debt service and debt service reserve funds.

Bona Fide Debt Service Fund Exception to the General Rule. Based upon the information in the Tax Agreement, the Bond Fund constitutes a bona fide debt service fund. If earnings in the Bond Fund in a bond year (as described above under *"Computation Dates"*) are less than $100,000, they will not be subject to the rebate requirement and you may keep such earnings for that year. If during such period earnings in the Bond Fund are $100,000 or greater, all such earnings will be subject to rebate. However, if the average annual debt service on the Bonds is no more than $2,500,000, then you may treat the Bond Fund as satisfying the $100,000 limitation in each bond year. In addition, the Bond Fund will be exempt from rebate if the accounts qualify as a *bona fide* debt service fund and one of the spending exceptions described below is satisfied. To the extent that the Bond Fund ceases to be a "*bona fide* debt service fund" as described in Section 3.2 of the Tax Agreement, some moneys in the Bond Fund may be subject to the rebate requirement.

Six-Month Exception to the General Rule. If all gross proceeds of the Bonds (including earnings thereon) are spent within six months of the date the Bonds are issued, other than amounts deposited in a reasonably required reserve fund or a bona fide debt service fund, no rebate is required except as described below in the case of an issue secured by a reasonably required reserve fund or in the case of unexpected gross proceeds arising after the date of Closing. If the Bonds are secured by a reasonably required reserve fund, rebate is required on the reserve fund from the date the Bonds are issued, but not on other funds. To qualify for the six-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds, other than a reasonably required reserve or replacement fund or a bona fide debt service fund. Even if you qualify for this exception, you may have to rebate with respect to any amounts that arise or are pledged to the payment of the Bonds at a later date. If this occurs, please call us for advice.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Eighteen-Month Exception to the General Rule. If all gross proceeds of the Bonds, other than those in a reasonably required reserve or replacement fund, or a bona fide debt service fund, are expended in accordance with the spend-down requirements set forth below, then rebate will only be required with respect to a reasonably required reserve or replacement fund or unexpected gross proceeds arising after the date of Closing, if any.

PERIOD	SPEND-DOWN REQUIREMENT
6 months	15%
12 months	60%
18 months	100%
	(except for reasonable retainages up to 5%)
30 months	all reasonable retainages must be spent

To test these percentages for the six-month and 12-month periods, earnings reasonably expected at closing are used to calculate the total to which the percentages are applied. Actual earnings are used for the 18-month period test. If you exercise due diligence to complete the financed project and an amount not exceeding the lesser of three percent of the issue price of the Bonds or $250,000 remains unspent as of the end of the 18th month, you will be treated as satisfying the final expenditure requirement. If the issue is secured by a reasonably required reserve fund, rebate is required on the reserve fund from the date the Bonds are issued, but not on the other funds. To qualify for the 18-month exception, there must be no other amounts that are treated as Gross Proceeds of the Bonds, other than a reasonably required reserve or replacement fund or a bona fide debt service fund. Even if you qualify for this exception, you may have to rebate with respect to any amounts that arise or are pledged to the payment of the Bonds at a later date.

Qualified Tax-Exempt Obligation Exception to the General Rule. To the extent that any gross proceeds are invested in Qualified Tax Exempt Obligations (as defined in Article I of the Tax Agreement), the earnings thereon would not be considered when calculating Excess Earnings. To the extent that 100% of gross proceeds are continually invested in Qualified Tax Exempt Obligations, there would be no rebate requirement.

Investment of Rebate Fund and Other Funds. Investments of moneys in the Rebate Fund and any other fund must be made in arm's-length transactions in a manner that does not reduce the amount to be rebated to the United States. Investment decisions (other than the decision to invest in Qualified Tax Exempt Obligations to avoid rebate) must be made on the basis of normal investment criteria of safety, Yield, and when the money will be needed. All interest rates and Yields must be market rates and Yields. Money must not be allowed to remain uninvested except for small amounts or for short periods of time, as provided in Section 4.4 of the Tax Agreement. Specific rules exist for certificates of deposit and investment agreements (including repurchase agreements) as set forth in Section 4.4 of the Tax Agreement.

Rebate Payments. Within 60 days after the Computation Date that is the end of the fifth bond year and every fifth bond year thereafter, at least 90% of the Excess Earnings and all earnings on the Excess Earnings (net of an appropriate credit depending on whether unexpended

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

gross proceeds continue to exist) must be paid to the United States. Within 60 days of final payment of all principal and interest on the Bonds to the owners of the Bonds, all Excess Earnings and all earnings on the Excess Earnings (net of the credit) must be paid to the United States. All payments to the United States must be mailed to the address provided in the instructions to Form 8038-T or such other form specified by the Internal Revenue Service. Form 8038-T or such other form specified by the Internal Revenue Service must be signed by the Issuer.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT E

GROSS PROCEEDS*

Administration Fund

Project Fund

Bond Fund

Cost of Issuance Fund

Credit Facility Account and General Account of the Revenue Fund

Redemption Fund

Principal Reserve Fund

Any amounts under the Bond Mortgage Loan Documents (as defined in the Indenture) that are reasonably expected to be used, directly or indirectly, to pay principal or interest on the Bonds or for which there are reasonable assurances that such amounts will be available to pay, directly or indirectly, principal or interest on the Bonds

Amounts held under the Reimbursement Agreement or under other Reimbursement Security Documents (as defined in the Reimbursement Agreement) that are reasonably expected to be used to reimburse the Credit Facility Provider for payments under the Credit Facility or for which there are reasonable assurances that such amounts will be available to reimburse the Credit Facility Provider for payments under the Credit Facility

---

* If, contrary to the expectations described in the Tax Agreement, moneys or investments are pledged or otherwise set aside for payment of principal of or interest on the Bonds, any amounts are derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.*, a redemption right), or the Issuer enters into any agreement to maintain certain levels of types of assets for the benefit of a holder of a bond or any credit enhancement with respect to the Bonds, such amounts may also constitute gross proceeds. Further, if any Bond-financed property is sold or otherwise disposed of, contrary to the expectations described in the Tax Agreement, any amounts received from such sale or other disposition may also constitute gross proceeds. Please call us if any of these events occur.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT F

— FORM 8038 —

[TO BE ATTACHED]

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT G

SCHEDULE OF ELECTIONS

With regard to the Bonds, the Issuer hereby makes the elections indicated below with an "X". Any election below that has not been marked with an "X" has *not* been made:

A. Waiver of Program Investment Treatment

☐ The Issuer hereby waives under Treas. Reg. Section 1.148-1(b) the characterization of its purpose investment as a qualified program investment. *This waiver may be made at any time*.

B. Election to Waive Temporary Periods or Reasonably Required Reserve or Replacement Fund

☐ The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) its right to invest amounts in the following funds or accounts in higher yielding investments:

_____
_____
_____
_____
_____

This waiver applies to any exceptions to Yield restriction that might otherwise apply to such amounts for a temporary period or as part of a reasonably required reserve fund. *This election is being made on or before the issue date of the Bonds*.

C. Waiver of Minor Portion

☐ The Issuer hereby waives under Treas. Reg. Section 1.148-2(h) or Treas. Reg. Section 1.148-9(g) described below its right to invest amounts in the funds or accounts described below in higher yielding investments as a result of any available minor portion.

_____
_____
_____
_____
_____

This waiver may be made at any time.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

D. Election to Treat Portions of the Issue Separately

☐ The Issuer hereby elects under Section 148(f)(4)(C)(v) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(j)(1) to treat a portion of the issue (the *"Construction Portion"*) with an issue price of $_____ (which portion contains 100 percent of the Bonds to be used for construction expenditures, plus an amount for non-construction expenditures, not to exceed 25 percent of the entire Construction Portion, with respect to property owned by a governmental unit or a Section 501(c)(3) organization and the entire remaining portion of the Bonds (other than any portion of the Bonds being used for refunding purposes) as separate issues for purposes of Section 148(f)(4)(C) of the Code and Treas. Reg. Section 1.148-7(e). The Issuer reasonably expects, as of this date, that the construction portion will finance all of the construction expenditures to be financed by the Bonds. *This election is being made on or before the issue date of the Bonds.*

E. Election to Rebate on Earnings on Reserve

☐ The Issuer hereby elects under Section 148(f)(4)(C)(vi)(IV) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(i)(2) to exclude from available construction proceeds earnings on the _____ (a reasonably required reserve or replacement fund) and apply the rebate requirements of Section 148(f)(2) of the Code to such earnings. *This election is being made on or before the issue date of the Bonds.*

F. Election-Out of Reasonable Expectations

☐ The Issuer hereby elects under Treas. Reg. Section 1.148-7(f)(2) to apply the provisions of Treas. Reg. Sections 1.148-7(e) through 1.148-7(m), relating to the two-year construction expenditure rule based on actual facts rather than based on the Issuer's reasonable expectations. *This election is being made on or before the issue date of the Bonds (except in the case of certain in pooled financings).*

G. Election to Pay Penalty Instead of Rebate (the *"1.5 Percent Penalty"*)

☐ The Issuer hereby irrevocably elects under Section 148(f)(4)(C)(vii) of the Internal Revenue Code of 1986, and Treas. Reg. Section 1.148-7(k) to pay a 1.5 Percent Penalty in lieu of rebate. *This election is being made on or before the issue date of the Bonds (except in the case of certain pooled financings).*

H. Election to Terminate 1.5 Percent Penalty After the End of the Initial Temporary Period

☐ Under Section 148(f)(4)(C)(viii) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(l)(1), the Issuer hereby irrevocably elects to terminate (and pay a three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). *This election is being made not later than 90 days after the earlier of the end of the initial temporary period or the date on which construction is substantially completed.*

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

I. Election to Terminate the 1.5 Percent Penalty Before the End of the Initial Temporary Period

☐ Under Section 148(f)(4)(C)(ix) of the Internal Revenue Code of 1986 (the *"Code"*), and Treas. Reg. Section 1.148-7(l)(2), the Issuer hereby irrevocably elects to terminate (and pay the three percent penalty in lieu thereof) the 1.5 Percent Penalty previously elected under Section 148(f)(4)(C)(vii) of the Code and Treas. Reg. Section 1.148-7(k). The amount of available construction proceeds that will not be spent for the governmental purposes of the issue is equal to $_____. *This election is being made before the close of the initial temporary period and not later than 90 days after construction was substantially completed.*

J. Election to Treat Certain Bonds as Part of Separate Issues.

☐ The issuer hereby allocates bonds to particular uses under Treas. Reg. Section 1.150-1(c)(3), so as to treat the following Bonds as part of separate issues for purposes of Sections 103, 141 through 150 of the Code, other than Sections 141(b)(5), 141(c)(1), 141(d)(1), 144(a), 148, 149(d) and 149(g):

Purpose 1:	Description of Bonds:
_____	_____
_____	_____
_____	_____
_____	_____

Purpose 2:	Description of Bonds:
_____	_____
_____	_____
_____	_____
_____	_____

The aggregate proceeds, investments will be allocated between each of the separate issues, using a reasonable consistently applied allocation method, as follows:

_____
_____
_____
_____
_____

Each of the separate issues finance a separate purpose, and the Bonds of each portion would have been tax exempt if sold as a separate issue. The aggregate proceeds, investments, and bonds have been allocated between each of the separate issues using a reasonable, consistently applied allocation method, which does not achieve more favorable results under sections 103 and 141 to 150 than could be achieved with actual separate issues. If any of the Bonds are refunding bonds, the allocations described above meet the rules of Treas. Reg.

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

Section 1.148-9(h). *All allocations under this election have been made in writing on or before the issue date*.

All terms not defined herein shall have the same meaning as in the Tax Exemption Certificate and Agreement with respect to the Bonds, to which this exhibit is attached.

No Elections Made

Authorized Representative of Issuer

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT H

CERTIFICATE OF CREDIT FACILITY PROVIDER

[FREDDIE MAC FORM TO BE PROVIDED]

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT I

DECLARATION OF INTENT TO REIMBURSE

[TO BE INSERTED]

© CHAPMAN AND CUTLER, APRIL, 2001 (VERESNM.01)

EXHIBIT J

CERTIFICATE OF SWAP COUNTERPARTY

The undersigned being an officer of _____ (the *"Swap Counterparty"*) is authorized to execute this certificate on behalf of the Swap Counterparty and does hereby certify as follows:

1. The Swap Counterparty entered into an ISDA Master Agreement (the *"Master Agreement"*) and Schedule (the *"Schedule"*), dated as of _____, and a Confirmation (the *"Confirmation"*), dated as of and executed on _____ (the *"Trade Date"*) (together, the Master Agreement, the Schedule, and the Confirmation are the *"Swap"*) between the Swap Counterparty and Whispering Oaks Associates, L.P. (the *"Borrower"*), pursuant to which, absent an early termination event, (i) the Borrower will make payments based upon a fixed rate of ____% (the *"Fixed Rate"*), as specified in the Confirmation and, in exchange, (ii) the Swap Counterparty will make payments based upon a floating rate equal to the SIFMA Index (the *"Swap Rate"*). In each case, payments will be made on a net basis and will be based on a notional amount as set forth in the Swap. We have been informed by the Borrower that the Borrower is entering into the Swap in connection with the issuance of The County of Lake, Illinois Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 (the *"Bonds"*) by The County of Lake, Illinois.

2. The Swap was negotiated at arm's length and it is fairly priced.

3. The Swap Counterparty is also the purchaser of the Bonds (the *"Underwriter"*).

4. The Underwriter purchased the Bonds. As part of its role as Underwriter, the Underwriter also structured the Bonds and related transactions for the Issuer and the Borrower.

5. The terms of the Swap, including the Fixed Rate, were not adjusted to provide any compensation to the Swap Counterparty (or to the Underwriter) for services provided by the Underwriter as purchaser of the Bonds or as structuring agent to the Issuer or Borrower of related transactions, as advisor to the Issuer or Borrower, or for any services other than the Swap Counterparty's performance of its obligations under the Swap. The terms of the Swap are the same as they would have been had the Swap Counterparty and the Underwriter (and any related person to the Swap Counterparty) not been involved in the transaction other than as swap counterparty.

6. The Fixed Rate is the fixed rate that the Swap Counterparty would have quoted to receive from other persons to enter into a reasonably comparable interest rate swap on the Trade Date, taking into full account the terms and conditions of the Swap, with a counterparty similarly situated to the Issuer, taking into full account the security and sources of payment provided for payments to the Swap Counterparty, the amortization of the notional principal amounts under the Swap, the risk profile of such counterparty, and other terms inherent under the Swap.

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

7. No payments have been or are expected to be made by the Swap Counterparty, directly or indirectly, to the Issuer, the Borrower or any person providing services to the Issuer, the Borrower or to be made by any person to the Swap Counterparty in connection with the Swap except as set forth in the Swap and in this certificate. Neither the Swap Counterparty nor any of its affiliates has made or expects to make any payments to third parties for the benefit of the Issuer in connection with the Swap.

8. No significant portion of any payment by either party will relate to a conditional or unconditional obligation by the other party to make a payment on a different date. There are no up front payments in either direction. The Fixed Rate is an on market swap rate for the period being swapped.

9. As of this date, the initial Swap Rate is ____%. The initial rate on the Bonds is ____%. As of the Trade Date, the rate on the Bonds would have been ____% had the Bonds been issued and the Swap Rate would have been ____%

[Remainder of Page Intentionally Left Blank]

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

[SWAP COUNTERPARTY]

By _____
Its _____

Dated: November __, 2008

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

EXHIBIT K

IDENTIFICATION CERTIFICATE OF ISSUER

THE COUNTY OF LAKE, ILLINOIS

Identification of Qualified Hedge
Pursuant to Treas. Reg. Sec. 1.148-4(h)

At the direction of, and relying on information provided by, Whispering Oaks Associates, L.P., an Illinois limited partnership (the *"Borrower"*), The County of Lake, Illinois (the *"Issuer"*) hereby identifies the interest rate exchange agreement (the *"Swap"*) summarized in all material respects on the draft confirmation attached hereto as *Appendix A* (the *"Confirmation"*) entered into by the Borrower and _____ (the *"Swap Counterparty"*) on November __, 2008 (which is no more than three days prior to the date hereof) as a qualified hedge under Treasury Regulation Section 1.148-4(h) with respect to the prospective issuance of the Issuer's Variable Rate Demand Multifamily Housing Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 (the *"Bonds"*). This identification is being made to satisfy the identification requirements of Treasury Regulation Sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv).

With respect to the Swap, the Borrower has informed the Issuer that:

1. The Swap requires the Borrower to pay a fixed payment amount monthly at a fixed rate of ____% until expiration or termination of the Swap (the *"Fixed Rate"*).

2. The Swap requires the Swap Counterparty to pay a variable payment amount monthly based on a variable rate set forth in the Confirmation until the expiration or termination of the Swap (the *"Variable Rate"*).

3. The Swap has been entered into primarily to modify the risk of interest rate changes with respect to a portion of the Bonds. The Bonds are reasonably expected to be issued for the purpose of financing certain capital expenditures of the Borrower, and are reasonably expected to have an issue price of approximately $26,000,000, a maturity date of November 1, 2045, and an issue date on or about November __, 2008. Interest on the Bonds is reasonably expected to be computed at a variable rate, reset periodically to the lowest rate necessary to sell the Bonds at par.

4. The Swap is not expected to be terminated substantially contemporaneously with the issue date of the Bonds.

5. The Swap does not include any up-front payment. The Swap does not contain a significant investment element under Treasury Regulation Section 1.148-4(h)(2)(ii) and it does not contain non-periodic payments. The Swap has been entered into between the Borrower, which will be the borrower of the proceeds of the

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

Bonds, and a party that is not related to the Borrower. The Swap covers the anticipated amount of the Bonds, all of which will be substantially identical. Without regard to the Swap, the Bonds will be variable rate bonds within the meaning of Treasury Regulation Section 1.1275-5. The payments received by the Borrower under the Swap will be received on the same date that interest payments must be made on the Bonds. Payments, if any, to the Swap Counterparty by the Borrower under the Swap are reasonably expected to be paid from the same source of funds that, absent the Swap, would be reasonably expected to be used to pay principal and interest on the Bonds.

6. The Confirmation is attached as *Appendix A* hereto. The Issuer will maintain this certificate and the attachment with its books and records relating to the Bonds and the existence of the Swap will be noted on the first form relating to the Bonds that is filed with the Internal Revenue Service.

[Remainder of Page Intentionally Left Blank]

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

Dated: November __, 2008

THE COUNTY OF LAKE, ILLINOIS

By _____
Suzi Schmidt
Chairman

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

APPENDIX A

SWAP CONFIRMATION

EXHIBIT L

BORROWER'S REQUEST FOR IDENTIFICATION CERTIFICATE OF ISSUER

WHISPERING OAKS ASSOCIATES, L.P.
REQUEST FOR
Identification of Qualified Hedge
Pursuant to Treas. Reg. Sec. 1.148-4(h)

Whispering Oaks Associates, L.P., an Illinois limited partnership (the *"Borrower"*), hereby request that The County of Lake, Illinois (the *"Issuer"*) identify the interest rate exchange agreement (the *"Swap"*) summarized in all material respects on the draft confirmation attached hereto as *Appendix A* (the *"Confirmation"*) entered into by the Borrower and _____ (the *"Swap Counterparty"*) on November __, 2008, as a qualified hedge under Treasury Regulation Section 1.148-4(h) with respect to the prospective issuance of the Issuer's Variable Rate Demand Multifamily Revenue Bonds (Whispering Oaks Apartments Project), Series 2008 (the *"Bonds"*). Such identification is being requested to satisfy the identification requirements of Treasury Regulation Sections 1.148-4(h)(2)(viii) and 1.148-4(h)(5)(iv).

With respect to the Swap, the Borrower hereby informs the Issuer that:

1. The Swap requires the Borrower to pay a fixed payment amount monthly at a fixed rate of ____% until expiration or termination of the Swap (the *"Fixed Rate"*).

2. The Swap requires the Swap Counterparty to pay a variable payment amount monthly based on a variable rate set forth in the Confirmation until the expiration or termination of the Swap (the *"Variable Rate"*).

3. The Swap has been entered into primarily to modify the risk of interest rate changes with respect to a portion of the Bonds. The Bonds are reasonably expected to be issued for the purpose of financing certain expenditures of the Borrower, and are reasonably expected to have an issue price of approximately $26,000,000, a maturity date of November 1, 2045, and an issue date on or about November __, 2008. Interest on the Bonds is reasonably expected to be computed at a variable rate, reset periodically to the lowest rate necessary to sell the Bonds at par.

4. The Swap is not expected to be terminated substantially contemporaneously with the issue date of the Bonds.

5. The Swap does not include any up-front payment. The Swap does not contain a significant investment element under Treasury Regulation Section 1.148-4(h)(2)(ii) and it does not contain non-periodic payments. The Swap has been entered into between the Borrower, which will be the borrower of the proceeds of the Bonds, and a party that is not related to the Borrower. The Swap covers a portion of

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

the anticipated amount of the Bonds, all of which will be substantially identical. Without regard to the Swap, the Bonds will be variable rate bonds within the meaning of Treasury Regulation Section 1.1275-5. The payments received by the Borrower under the Swap will be received on the same date that interest payments must be made on the Bonds. Payments, if any, to the Swap Counterparty by the Borrower under the Swap are reasonably expected to be paid from the same source of funds that, absent the Swap, would be reasonably expected to be used to pay principal and interest on the Bonds.

6. The Confirmation is attached as *Appendix A* hereto. The Borrower requests the Issuer to maintain this certificate and the attachment with its books and records relating to the Bonds and to note the existence of the Swap on the first form relating to the Bonds that is filed with the Internal Revenue Service.

[Remainder of Page Intentionally Left Blank]

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

Dated: November __, 2008

WHISPERING OAKS ASSOCIATES, L.P.,
an Illinois limited partnership

By: ATWO, LLC, a California limited liability company, its sole general partner

By: 1755 EFM 3 , LLC, a California limited liability company, its Manager

By: _____
Tim English, Managing Member

© CHAPMAN AND CUTLER LLP, MAY, 2007 (VER501NM.07)

APPENDIX A

SWAP CONFIRMATION

EXHIBIT M

FAIR MARKET CERTIFICATE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

David J. McPherson
Troutman Sanders LLP
1660 International Drive
Suite 600, Tysons Corner
McLean, Virginia 22102-3805

DRAFT of November 3, 2008

ASSIGNMENT OF SECURITY INSTRUMENT

ASSIGNMENT OF SECURITY INSTRUMENT
(Revision Date 11-01-2000)

FOR VALUABLE CONSIDERATION, THE COUNTY OF LAKE, ILLINOIS, a political subdivision duly organized and validly existing under the Constitution and laws of the State of Illinois (the "**Assignor**"), having its principal office at 18 North County Street, Waukegan, Illinois 60085, Attention: County Clerk, hereby assigns, grants, sells and transfers to **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as Trustee, having its principal place of business at Two North LaSalle Street, Chicago, Illinois 60602, Attention: Corporate Trust Department (the "**Assignee**"), and the Assignee's successors, transferees and assigns forever, all of the right, title and interest of the Assignor in and to the Multifamily Mortgage, Assignment of Rents and Security Agreement, dated as of 1st day of November, 2008 entered into by **WHISPERING OAKS ASSOCIATES, L.P.**, an Illinois limited partnership (the "**Borrower**") for the benefit of the Assignor, securing an indebtedness of the Borrower to the Assignor in the principal amount of $26,000,000.00, and recorded in the land records of Lake County, Illinois prior to this Assignment, as modified by that certain Intercreditor Agreement, dated as of the 1st day of November, 2008, among Assignor, The Bank of New York Mellon Trust Company, N.A., as trustee, and Federal Home Loan Mortgage Corporation, and recorded in the land records of Lake County, Illinois prior to this Assignment (the "**Instrument**"), which indebtedness is secured by the property described in Exhibit A, attached to this Assignment and incorporated into it by this reference.

Together with the note or other obligation described in the Instrument and all obligations secured by the Instrument now or in the future.

IN WITNESS WHEREOF, the Assignor has executed this Assignment as of the 1st day of November, 2008.

ASSIGNOR:

THE COUNTY OF LAKE, ILLINOIS

By:_____
Suzi Schmidt
Chairman

ATTEST:

By:_____
Willard R. Helander
County Clerk and ex officio Clerk to
the County Board

STATE OF ILLINOIS

COUNTY OF LAKE, to-wit:

The foregoing instrument was acknowledged before me in the above-stated jurisdiction this _____ day of November, 2008 by Suzi Schmidt who is Chairman of The County of Lake, Illinois, a political subdivision duly organized and validly existing under the Constitution and laws of the State of Illinois, for and on behalf of the authority.

_____
Notary Public

My commission expires:_____

EXHIBIT A

Legal Description

5778908_v1