

COMPOSITE OFFERING STATEMENT

**NEW ISSUE (2008 BONDS)
REMARKETING – NOT A NEW ISSUE (2006 BONDS)**

**Rating: S&P “AA+/A-1+”
See “RATINGS” herein**

On March 23, 2006, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, delivered its opinion that interest on the 2006A Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion was expressed as to the status of interest on any 2006A Bond for any period that such 2006A Bond is held by a “substantial user” of the facilities financed or refinanced by the 2006A Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel observed, however, that interest on the 2006A Bonds was a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, and that interest on the 2006A-T Bonds was not excluded from gross income for federal income tax purposes. Bond Counsel was also of the opinion that interest on the 2006 Bonds was exempt from State of California personal income taxes. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2006 Bonds.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the remarketing of the 2006A Bonds on the Delivery Date will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the 2006A Bonds.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any 2008 Bond during any period such 2008 Bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds or is a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel observes that interest on the 2008 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. In the further opinion of Bond Counsel, interest on the 2008 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2008 Bonds. See “TAX MATTERS” for additional information..

\$116,000,000 06-0282
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Series 2006A
CUSIP: 212249 CC 8

\$9,000,000 06-0283
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Taxable Series 2006A-T
CUSIP: 212249 CD6

*08-0716
\$10,000,000
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Series 2008A
CUSIP: 212249 CQ7

Interest Accrues From July 31, 2008

Price: 100%

Due: March 15, 2046

The County of Contra Costa (“Issuer”) is issuing the above-captioned Series 2008A Bonds (the “2008 Bonds” and together with the 2006 Bonds, as defined below, the “Bonds”) pursuant to an Amended and Restated Trust Indenture, dated as of July 1, 2008 (the “Indenture”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). In addition, the above-captioned Series 2006A Bonds, issued as “County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Series 2006A” (the “2006A Bonds”) and Taxable Series 2006A-T Bonds, issued as “County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Taxable Series 2006A-T” (the “2006A-T Bonds”) and together with the 2006A Bonds, the “2006 Bonds”), originally issued on March 23, 2006 pursuant to the terms of a Trust Indenture, dated as of March 1, 2006 (the “Original Indenture”), between the Issuer and U.S. Bank National Association, as trustee, are being remarketed pursuant to the terms of the Original Indenture. The net proceeds of the Bonds will be used to fund a loan (the “Loan”) to be made by the Issuer to PHVP I, LP, a Delaware limited partnership (the “Borrower”), to finance the construction and development of a multifamily rental housing project known as Avalon Walnut Creek at Contra Costa Centre (the “Project”) located in the County of Contra Costa, California. The Loan will be made pursuant to an Amended and Restated Financing Agreement, dated as of July 1, 2008 (the “Financing Agreement”), among the Issuer, the Borrower and the Trustee.

The Bonds will initially bear interest at the rate determined by the Citigroup Global Markets Inc. on or prior to July 31, 2008 (the “Delivery Date”) from and including the Delivery Date to and including August 6, 2008, and thereafter will bear interest at a variable rate determined weekly (the “Weekly Variable Rate”) by Citigroup Global Markets Inc., the initial Remarketing Agent. The Bonds will continue to bear interest at the Weekly Variable Rate until adjusted to another interest rate Mode. The Weekly Variable Rate will be determined independently for each Series of Bonds. The Bonds are issuable as fully registered bonds, without coupons, in the minimum denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof during a Weekly Variable Rate Period. The Bonds will be issued in book-entry only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their interest in the Bonds.

The principal of each Bond will be payable upon the presentation and surrender of such Bond, when due, at the principal corporate trust office of the Trustee. During any Weekly Variable Rate Period, interest on each Bond will be payable on the fifteenth day of each month, commencing on August 15, 2008. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal of and interest on the Bonds to DTC which, in turn, is obligated to remit such principal and interest to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein) of the Bonds.

The interest rate on the Bonds may be adjusted to a Daily Variable Rate, Reset Rate or Fixed Rate as set forth in the Indenture and further described herein. THIS COMPOSITE OFFERING STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE BONDS (INCLUDING THE TERMS OF SUCH BONDS) AFTER ADJUSTMENT TO AN INTEREST RATE MODE OTHER THAN THE WEEKLY VARIABLE RATE MODE. See “THE BONDS – Mandatory Tender for Purchase of Bonds” herein.

Payments of principal of and interest on the Bonds are enhanced by an irrevocable direct-pay letter of credit (the “Letter of Credit”) issued to the Trustee for the benefit of the registered Bondholders by

BANK OF AMERICA, N.A.

Unless extended, the Letter of Credit will expire by its terms on July 31, 2011, unless it terminates earlier in accordance with its terms. The Letter of Credit may be replaced by an Alternate Credit Facility as permitted by the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Letter of Credit” and “—Alternate Credit Facility.”

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY, WHICH IS SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

During any Weekly Variable Rate Period, Bondholders and Direct Participants (as defined herein) have the option to demand the purchase of their Bonds upon not less than seven (7) days notice given to the Trustee, at a price equal to one-hundred percent (100%) of the principal amount thereof plus accrued and unpaid interest thereon to the date of purchase.

The Bonds will be subject to redemption and mandatory tender prior to their stated maturity date at the prices, on the terms and upon the occurrence of the events described herein. See “THE BONDS – Mandatory Tender for Purchase of Bonds” and “—Redemption Provisions” herein. In addition, under the Indenture, the maturity of the Bonds may be accelerated upon the occurrence of certain events. See APPENDIX B: “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Default and Remedies.”

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Potential investors are advised to read this entire Composite Offering Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

The Series 2008 Bonds are being offered when, as and if issued and received by Citigroup Global Markets Inc., subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for Bank of America, N.A. by Updike, Kelly & Spellacy, P.C., Hartford, Connecticut, for Citigroup Global Markets Inc. by Eichner & Norris PLLC, Washington, DC and for the Borrower by Goodwin Procter LLP, San Francisco, California. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York, on or about July 31, 2008.

Citi

Citigroup Global Markets Inc. (the “Underwriter” or “Remarketing Agent”) has provided the following sentence for inclusion in this Composite Offering Statement. The Underwriter has reviewed the information in this Composite Offering Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by the Underwriter, the Borrower or the Issuer to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuer, the Borrower or the Underwriter. This Composite Offering 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 an offer, solicitation or sale.

This Composite Offering Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Composite Offering Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The Issuer has supplied information in this Composite Offering Statement under the caption “THE ISSUER” and “ABSENCE OF LITIGATION – Issuer,” but is not responsible for any other information contained in this Composite Offering Statement. All other information set forth herein has been obtained from sources other than the Issuer that are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Issuer or the Underwriter. The Issuer has made no independent verification of any of the information contained herein. The information and expression of opinions contained herein are subject to change without notice, and neither the delivery of this Composite Offering Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Borrower or any other party described herein since the date hereof.

Bank of America, N.A. (the “Bank”) has not provided or approved any information in this Composite Offering Statement, except with respect to the description under the caption “THE BANK” and APPENDIX H – FORM OF LETTER OF CREDIT and does not take any responsibility for any other information contained in this Composite Offering Statement. Bank of America, N.A. makes no representation as to the contents of this Composite Offering 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.

This Composite Offering Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Issuer and the Borrower have no plans to make or cause to be made any secondary market disclosure regarding the Issuer or the Borrower, as applicable, subsequent to the distribution of this Composite Offering Statement unless otherwise required to do so by law.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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COMPOSITE OFFERING STATEMENT

relating to

\$116,000,000
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Series 2006A

\$9,000,000
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Taxable Series 2006A-T

\$10,000,000
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project)
Series 2008A

INTRODUCTION

This Composite Offering Statement, including the cover page hereof, sets forth information concerning (i) the issuance and sale by the County of Contra Costa (the "Issuer") of \$10,000,000 Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2008A (the "2008 Bonds"); and (ii) the remarketing of \$116,000,000 of the Issuer's Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2006A, issued as "County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Series 2006A" (the "2006A Bonds") and \$9,000,000 of the Issuer's Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Taxable Series 2006A-T, issued as "County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Taxable Series 2006A-T" (the "2006A-T Bonds" and together with the 2006A Bonds and the 2008 Bonds, the "Bonds"). The Issuer is a political subdivision of the State of California (the "State"). See "THE ISSUER" herein.

The 2006A Bonds and 2006A-T Bonds were issued and the 2008 Bonds will be issued pursuant to the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as in effect at the time of issuance and as it may from time to time be amended and supplemented (the "Act"). The Bonds will be offered pursuant to the terms of an Amended and Restated Trust Indenture, dated as of July 1, 2008 (the "Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), which amends and restates in its entirety a Trust Indenture, dated as of March 1, 2006 (the "Original Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Original Trustee"), pursuant to which the 2006 Bonds were issued. The net proceeds of the Bonds will be used to fund a loan (the "Loan") to be made by the Issuer to PHVP I, LP, a Delaware limited partnership (the "Borrower"). The Loan will be evidenced by a non-recourse Multifamily Note, dated as of July 1, 2008 (together with all riders and addenda thereto, the "Note") executed by the Borrower in favor of the Issuer and secured by a First Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2008 (the "Bond Mortgage"), executed by the Borrower and delivered to the Issuer with respect to the Project.

The proceeds of the Loan will be used by the Borrower to finance the construction and development of a multifamily rental housing project known as Avalon Walnut Creek at Contra Costa Centre (the "Project") located in the County of Contra Costa, California. The Loan will be made pursuant to an Amended and Restated Financing Agreement, dated as of July 1, 2008 (the "Financing

Agreement”), among the Issuer, the Borrower and the Trustee. Of the total units in the Project, 20% will be occupied by and held open for occupancy by persons or families of very low income as required in part by Section 142(d) of the Internal Revenue Code of 1986, as amended, pursuant to the Regulatory Agreement (as defined herein). See “THE PROJECT AND THE PRIVATE PARTICIPANTS – Restrictive Covenants” and “APPENDIX D- SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” herein.

To provide credit enhancement for the Bonds, Bank of America, N.A. (the “Bank”) will issue and deliver to the Trustee an irrevocable direct-pay letter of credit (the “Letter of Credit”) pursuant to a Reimbursement and Disbursement Agreement, dated as of July 1, 2008 (the “Reimbursement Agreement”), between the Bank and the Borrower. Under the Letter of Credit, the Trustee will be entitled to draw up to an amount sufficient to pay one hundred percent (100%) of the principal amount of the Bonds Outstanding on the date of the draw (whether at maturity, upon earlier redemption or purchase by the Bank in lieu thereof, mandatory purchase or purchase on demand), plus 34 days’ interest on the Bonds calculated at an assumed rate of twelve percent (12%) per annum based on a 365-day year so long as the Bonds bear interest at the Weekly Variable Rate. The Borrower agrees in the Reimbursement Agreement to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments to the Bank. The Letter of Credit will expire by its terms on July 31, 2011, unless it terminates earlier in accordance with its terms, or unless extended pursuant to the terms of the Reimbursement Agreement, which provides for two twelve-month extension options. The Letter of Credit may be replaced by an Alternate Credit Facility as permitted by the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Letter of Credit” and “—Alternate Credit Facility.” The Borrower will execute a Second Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2008 (the “Reimbursement Mortgage” and together with the “Bond Mortgage,” the “Security Instrument”) for the benefit of the Bank to secure the Borrower’s obligations under the Reimbursement Agreement.

Pursuant to an Intercreditor Agreement, dated as of July 1, 2008 (the “Assignment”), among the Issuer, the Contra Costa County Redevelopment Agency (the “Agency”), the Trustee and the Bank, neither the Issuer nor the Trustee will have the right to exercise remedies under the Bond Mortgage while the Letter of Credit secures the Bonds and the Bank continues to honor its obligations thereunder.

The Indenture provides that during the Weekly Variable Rate Period the Bondholder of any Bond may require the Trustee to purchase such Bond at certain times and under certain circumstances for a Purchase Price equal to the principal amount of the Bond plus accrued interest to the date of purchase. See “THE BONDS – Purchase of Bonds on Demand of Bondholder.”

Pursuant to a Remarketing Agreement, dated the date of the closing (the “Remarketing Agreement”), between Citigroup Global Markets Inc. and the Borrower, Citigroup Global Markets Inc. is serving as the initial remarketing agent (the “Remarketing Agent”). The Remarketing Agent has agreed to use its best efforts to remarket Bonds that the Bondholders thereof have tendered for purchase or are required to tender for purchase to the Tender Agent pursuant to the Indenture.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY, WHICH IS SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND

WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

There follow in this Composite Offering Statement brief descriptions of the Bonds, the sources of payment for the Bonds, the Issuer, the Bank, the Borrower, the Project, the Underwriter and Remarketing Agent, together with summaries of the Indenture, the Financing Agreement, the Regulatory Agreement, the Reimbursement Agreement, the Letter of Credit and the Remarketing Agreement. The summaries of documents contained herein do not purport to be complete and are qualified in their entirety by reference to such documents. Copies of forms of the Indenture, the Financing Agreement, the Regulatory Agreement, the Reimbursement Agreement, the Letter of Credit and the Remarketing Agreement are available for inspection at the Principal Corporate Trust Office of the Trustee. Certain terms used in this Composite Offering Statement and not otherwise defined have the meanings ascribed thereto in "APPENDIX A – SELECTED DEFINITIONS" or, if not defined therein, as set forth in the Indenture.

THE BONDS

Authorization and Terms of Bonds

Interest on the Bonds will accrue from July 31, 2008 (the "Delivery Date") and the Bonds shall mature (subject to prior redemption or acceleration) on March 15, 2046. The Bonds will be issued in fully registered form in the minimum denomination of \$100,000 or any integral multiple of \$5,000 above such amount. The principal of and the interest and any premium on the Bonds are payable in lawful money of the United States of America to the Registered Owners at the close of business on the applicable Record Date. Payment of interest on the Bonds shall be made on each Interest Payment Date by check drawn upon the Trustee and mailed by first class mail, postage prepaid, to the addresses of the Registered Owners as they appear on the Bond Register or to such other address as may be furnished in writing by any Registered Owner to the Trustee prior to the applicable Record Date. Payment of the principal of any Bond and premium, if any, together with interest (other than interest payable on a regularly scheduled Interest Payment Date) shall be made by check only upon presentation and surrender of the Bond on or after its maturity date or date fixed for purchase, redemption or other payment at the office of the Trustee designated for that purpose. Notwithstanding the foregoing, payment of principal of and interest and any premium on any Bond shall be made by wire transfer to any account within the United States of America designated by a Registered Owner owning \$1,000,000 or more in aggregate principal amount of Bonds if a written request for wire transfer in form and substance satisfactory to the Trustee is delivered to the Trustee by any such Registered Owner not less than five Business Days prior to the applicable payment date. A request for wire transfer that specifies that it is effective with respect to all succeeding payments of principal, interest and any premium will be so effective unless and until rescinded in writing by the Registered Owner at least five Business Days prior to a Record Date.

The Bonds when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC," together with any successor securities depository, the "Securities Depository"). DTC will act as Securities Depository for the Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interests in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of principal of, premium, if any, and interest on the Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds will bear interest at the Weekly Variable Rate, determined from time to time pursuant to the provisions of the Indenture described below. During the Weekly Variable Rate Period, interest shall accrue on the basis of a 365 or 366 day year, as applicable, for the actual number of days elapsed.

During each Weekly Variable Rate Period, the Remarketing Agent shall determine the Weekly Variable Rate for each Series for each Week not later than 4:00 p.m. Eastern Time on each Rate Determination Date. The Weekly Variable Rate shall be the minimum rate of interest necessary, in the professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Bonds of a Series on the applicable Rate Determination Date at par plus accrued interest on such Bonds for that Week. Each Weekly Variable Rate so determined shall be effective for the Week for which such rate was determined. The Remarketing Agent shall provide notice of the Weekly Variable Rate for each Series before 5:00 p.m. Eastern Time on the Rate Determination Date by telephone to any Beneficial Owner upon request and to the Credit Provider (so long as the Letter of Credit is in effect) or any Alternate Credit Provider (at such time as an Alternate Credit Facility is in effect), and the Trustee, and not later than the next Business Day to the other Remarketing Notice Parties by Electronic Means. Each Weekly Variable Rate for each Series so determined by the Remarketing Agent will be conclusive and binding upon the Remarketing Notice Parties and the Registered Owners.

If the Remarketing Agent fails or refuses to determine the Weekly Variable Rate or Daily Variable Rate applicable to a Series of Bonds for any Week, the interest rate to be borne by a Series of Bonds during such Week shall be (i) with respect to a Series of Tax-Exempt Bonds, the latest SIFMA Index Rate published on or before the Rate Determination Date or (ii) with respect to the 2006A-T Bonds, the current LIBOR, or, in the event the SIFMA Index Rate or LIBOR is no longer published, the last Weekly Variable Rate or Daily Variable Rate for such Series of Bonds determined by the Remarketing Agent.

Notwithstanding any other provision of the Indenture, the interest rate on the Bonds may not exceed the Maximum Rate.

Adjustment of Interest Rate on the Bonds

Adjustment to Reset Rate From Daily Variable Rate, Weekly Variable Rate or From Prior Reset Rate. At the option of the Borrower, the interest rate on all Outstanding Bonds of a Series may be adjusted on any Interest Payment Date from the Weekly Variable Rate or Daily Variable Rate to a Reset Rate for a Reset Period of 10 years or more selected by the Borrower, or such shorter period as may be selected by the Borrower, with the prior written consent of the Credit Provider. Any Reset Period must end immediately before an Interest Payment Date. Each such adjustment is subject to satisfaction of the following conditions precedent:

(i) not less than 45 days before the proposed Reset Date, the Borrower delivers to the Trustee (A) written notice to the other Remarketing Notice Parties of the proposed adjustment and designating the proposed Reset Date and the duration of the Reset Period to commence on such Reset Date and (B) the written preliminary consent of the Credit Provider to such adjustment which consent may be subject to the satisfaction of conditions specified by the Credit Provider prior to such adjustment;

(ii) not less than 30 days before the proposed Reset Date, the Trustee gives written notice to the Bondholders by first class mail, postage prepaid, stating: (A) the proposed Reset Date; (B) that from and after the proposed Reset Date, if the conditions specified in the Indenture to such adjustment are satisfied, the Bonds will bear interest at a Reset Rate (which rate need not be stated); and (C) that all Bonds of such Series are subject to mandatory tender and purchase on the proposed Reset Date, whether

or not such conditions are satisfied, and no holder of any Bond shall have the right to elect to retain such Bond;

(iii) on or prior to the proposed Reset Date, the Borrower delivers (A) to the Trustee, written notice from the Credit Provider consenting to the adjustment to the Reset Rate, together with confirmation that the Credit Facility will be sufficient in amount and term to satisfy the requirements of the Indenture and (B) to the other Remarketing Notice Parties, an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Bonds to the Reset Rate is authorized and permitted by the Indenture and the laws of the State (including the Act), and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds; and

(iv) on or prior to the proposed Reset Date, the Remarketing Agent has given notice pursuant to the Indenture to the effect that all Outstanding Bonds of such Series have been remarketed for the Reset Period at the Reset Rate determined pursuant to the Indenture.

Adjustment to Weekly Variable Rate From Daily Variable Rate, and to Daily Variable Rate From Weekly Variable Rate. At the option of the Borrower, the interest rate on all Outstanding Bonds of a Series may be adjusted on any Interest Payment Date from the Weekly Variable Rate to the Daily Variable Rate or from the Daily Variable Rate to the Weekly Variable Rate with the prior written consent of the Credit Provider. Each such adjustment is subject to satisfaction of the following conditions precedent:

(i) not less than 45 days before the proposed Adjustment Date, the Borrower delivers to the Trustee (A) written notice to the other Remarketing Notice Parties electing the proposed adjustment and (B) the written preliminary consent of the Credit Provider to such adjustment which consent may be subject to the satisfaction of conditions specified by the Credit Provider, prior to such adjustment;

(ii) not less than 30 days before the proposed Adjustment Date, the Trustee gives written notice to the Bondholders by first class mail, postage prepaid, stating: (A) the proposed Adjustment Date; (B) that from and after the proposed Adjustment Date, if the conditions specified in the Indenture to such adjustment are satisfied, the Bonds will bear interest at the Daily Variable Rate or the Weekly Variable Rate as the case may be (which rate need not be stated); and (C) that all Bonds of such Series are subject to mandatory tender and purchase on the proposed Adjustment Date, and that no holder of any Bond will have the right to elect to retain such Bond;

(iii) on or prior to the proposed Adjustment Date, the Borrower delivers (A) to the Trustee, written notice from the Credit Provider consenting to the adjustment to the Daily Variable Rate or the Weekly Variable Rate, together with confirmation that the Credit Facility will be sufficient in amount and term to satisfy the requirements of the Indenture and (B) to the other Remarketing Notice Parties, an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Bonds to the Daily Variable Rate or the Weekly Variable Rate is authorized and permitted by the Indenture and the laws of the State, and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds; and

(iv) on or prior to the proposed Adjustment Date, the Remarketing Agent has given notice pursuant to the Indenture to the effect that all Outstanding Bonds of such Series have been remarketed for the first Week of the Weekly Variable Rate Period at the applicable Weekly Variable Rate determined pursuant to the Indenture, or for the first Daily Variable Rate Period at the applicable Daily Variable Rate determined pursuant to the Indenture.

Adjustment to Fixed Rate. At the option of the Borrower, and with the prior written consent of the Credit Provider, if (i) a Credit Facility providing for credit support for the Bonds of such Series will be in effect, (ii) the Bonds of such Series are rated at least "A" by Moody's or S&P, (iii) the Bonds of such Series may be transferred only to qualified institutional buyers (as defined in Rule 144A promulgated under the Securities Act of 1933) in denominations of not less than \$500,000 with an investor letter in form and substance reasonably satisfactory to the Issuer or (iv) the Issuer provides its prior written consent, the interest rate on all Outstanding Bonds of a Series may be adjusted to the Fixed Rate from the Weekly Variable Rate or Daily Variable Rate on any Interest Payment Date designated by the Borrower. Such adjustment is subject to the satisfaction of the following conditions precedent:

(i) not less than 45 days before the proposed Fixed Rate Adjustment Date, the Borrower delivers to the Trustee (A) written notice to the other Remarketing Notice Parties designating the proposed Fixed Rate Adjustment Date and (B) the written preliminary consent of the Credit Provider to such adjustment which consent may be subject to the satisfaction of conditions prior to such adjustment;

(ii) not less than 30 days before the proposed Fixed Rate Adjustment Date, the Trustee gives written notice to the Bondholders by first class mail, postage prepaid, stating the following: (A) the proposed Fixed Rate Adjustment Date; (B) that from and after the proposed Fixed Rate Adjustment Date, if the conditions specified in the Indenture to such adjustment are satisfied, the Bonds will bear interest at the Fixed Rate (which rate need not be stated); and (C) that all Bonds of such Series are subject to mandatory tender and purchase on the proposed Fixed Rate Adjustment Date, whether or not such conditions are satisfied and no holder of any Bond(s) will have the right to elect to retain its Bonds;

(iii) on or prior to the proposed Fixed Rate Adjustment Date, the Borrower delivers (A) to the Trustee, either (1) written notice from the Credit Provider consenting to the adjustment to the Fixed Rate, together with confirmation that the Credit Facility will be sufficient in amount and term to satisfy the requirements of the Indenture or (2) a written waiver from the Issuer of the requirement for a Credit Facility during the Fixed Rate Period so long as the Credit Facility then in effect remains in effect for the mandatory tender of the Bonds on the proposed Fixed Rate Adjustment Date (which waiver will acknowledge that the Rating Agency has been notified not less than 10 days prior to the Fixed Rate Adjustment Date that the Credit Facility will be terminated on the Fixed Rate Adjustment Date); and (B) to the other Remarketing Notice Parties, an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Bonds to the Fixed Rate is authorized and permitted by the Indenture and the laws of the State (including the Act), and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds;

(iv) on or prior to the proposed Fixed Rate Adjustment Date, the Remarketing Agent has given notice pursuant to the Indenture to the effect that all Outstanding Bonds have been remarketed for the Fixed Rate Period at the Fixed Rate determined pursuant to the Indenture; and

(v) on or prior to the proposed Fixed Rate Adjustment Date (A) the Issuer, at the written direction of the Borrower and with the prior written consent of the Credit Provider, establishes a Sinking Fund Schedule, (B) the Issuer, the Trustee and the Credit Provider receive an opinion of Bond Counsel to the effect that establishing a Sinking Fund Schedule will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds and (C) the Note is amended, with the prior written consent of the Credit Provider, to provide for principal amortization of the Loan consistent with the Sinking Fund Schedule. The Trustee shall provide a copy of the Sinking Fund Schedule, Opinion of Bond Counsel and Note amendment to the Credit Provider on or before the proposed Adjustment Date.

Failure To Satisfy Conditions Precedent to Mode Change. If the conditions precedent to a change in Mode described above have not been satisfied, then the following will apply: (i) the new Mode shall not take effect; (ii) the applicable Bonds shall be subject to mandatory tender on the proposed Adjustment Date and the holders of the Bonds will not have the right to elect to retain their Bonds; (iii) the interest rate on the applicable Bonds shall continue at the Weekly Variable Rate or Daily Variable Rate, as the case may be, from and after the proposed Adjustment Date, without any further action by any party; (v) the Remarketing Agent will remarket the applicable Bonds on the Adjustment Date at the applicable interest rate.

THIS COMPOSITE OFFERING STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE BONDS (INCLUDING THE TERMS OF SUCH BONDS) AFTER ADJUSTMENT TO A MODE OTHER THAN THE WEEKLY VARIABLE RATE MODE. See "THE BONDS – Mandatory Tender for Purchase of Bonds."

Purchase of Bonds on Demand of Bondholder

Generally. During any Weekly Variable Rate Period or Daily Variable Rate Period, the Trustee shall purchase any Bond on behalf of and as agent for the Borrower, but solely from the sources provided in the Indenture, on the demand of the Beneficial Owner of such Bond. The purchase price of any Bond tendered for purchase shall be 100% of the principal amount of such Bond plus accrued interest, if any, to the date of purchase. The Beneficial Owner may demand purchase of its Bond by delivery of a Bondholder Tender Notice complying with the requirements of the Indenture to the Tender Agent at its Designated Office on any Business Day. Any Bondholder Tender Notice received by the Tender Agent after 3:30 p.m. Eastern Time on a Business Day will be treated as received at 9:00 a.m. Eastern Time on the following Business Day. The date of purchase shall be the date selected by the Beneficial Owner in the Bondholder Tender Notice; provided, however, that such date is (i) a Business Day which is at least seven days after the date of the delivery of the Bondholder Tender Notice to the Tender Agent with respect to a Bond at a Weekly Variable Rate or (ii) is a Business Day with respect to a Bond at a Daily Variable Rate. During a Daily Variable Rate Period, a Bondholder Tender Notice must be received by the Tender Agent no later than 9:00 a.m. Eastern time if the date of purchase is the day the Bondholder Tender Notice is received. A Bondholder Tender Notice complies with the requirements of this subsection if it:

- (i) is accompanied by a guaranty of signature acceptable to the Tender Agent; and
- (ii) contains the CUSIP number of the Bond, the principal amount to be purchased (or portion of a Bond, provided that the retained portion is an Authorized Denomination), the name, address and tax identification number or social security number of the Beneficial Owner of the Bond demanding such payment and the purchase date.

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

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

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

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

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

Payment and Sources of Purchase Price. The Tender Agent shall make payment for any Tendered Bond to the Registered Owner at or before 4:00 p.m. Eastern Time on the date for purchase specified in the Bondholder Tender Notice, first from remarketing proceeds on deposit in the Bond Purchase Fund, second, from proceeds of a payment under the Credit Facility, and third, from the Borrower.

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

Mandatory Tender for Purchase of Bonds

Mandatory Tender Dates (Other Than Upon Default); Notice. The holders of the Bonds shall be required to tender their Bonds to the Tender Agent for purchase on each Mandatory Tender Date by the Trustee acting on behalf of and as agent for the Borrower, but solely from the sources provided in the Indenture, at a purchase price equal to 100% of the principal amount of the Bonds plus accrued interest to the applicable Mandatory Tender Date. The Owner of any Bond may not elect to retain its Bond. Mandatory Tender Dates include each proposed Adjustment Date (even if a proposed change in Mode fails to occur), each Substitution Date and each Extension Date (unless an extension of the Letter of Credit or the Alternate Credit Facility then in effect has been received by the Trustee on or before such date). The Trustee shall give notice of Mandatory Tender on the Escrow Break Date in accordance with the Indenture. The Trustee shall give notice of Mandatory Tender Dates as follows:

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

(ii) Not less than 9 days before any Substitution Date, the Trustee shall give notice by first class mail, postage prepaid, to the Bondholders stating (A) an Alternate Credit Facility will be substituted for the Credit Facility then in effect, (B) the Substitution Date, (C) that the Bonds are required to be tendered on the Substitution Date and (D) that Bondholders will not have the right to elect to retain their Bonds.

(iii) Not less than 10 days before any Extension Date, if the Trustee has not received a binding commitment to extend the Letter of Credit or applicable Alternate Credit Facility then in effect, the Trustee shall give notice by first class mail, postage prepaid, to the Bondholders stating (A) the Extension Date and that no commitment to extend the Letter of Credit or Alternate Credit Facility then in effect has been received by the Trustee, (B) that such Bonds are required to be tendered on the Extension Date (unless an extension of the Letter of Credit or Alternate Credit Facility then in effect is received prior to the Extension Date, notice of which shall be given promptly to Bondholders), and (C) that the Bondholders will not have the right to elect to retain such Bonds if an extension of the Letter of Credit or Alternate Credit Facility then in effect is not received.

Mandatory Tender Upon Default; Notice. The Bonds shall be subject to mandatory tender upon receipt by the Trustee of written notice from the Credit Provider stating that an Event of Default under the Indenture, the Financing Agreement or any Credit Facility Document has occurred and directing that the Bonds be subject to mandatory tender. Such mandatory tender shall be made on the earliest practicable date but no later than 10 days, after notice of tender has been given to Bondholders and shall be payable solely from the sources provided in the Indenture at a purchase price equal to 100% of the principal amount of the Bonds plus accrued interest to the Mandatory Tender Date. The Owner of any Bond may not elect to retain its Bond. Immediately upon receipt by the Trustee of such written notice from the Credit Provider, the Trustee shall give notice by first class mail, postage prepaid, to the owners of the Bonds stating that (i) such event has occurred, (ii) the Bonds are required to be tendered on the Mandatory Tender Date specified in such notice and (iii) the Bondholders will not have the right to elect to retain their Bonds.

Untendered Bond. Any Bond which is not tendered on a Mandatory Tender Date ("Untendered Bond") will be deemed to have been tendered to the Tender Agent as of such Mandatory Tender Date, and, from and after such Mandatory Tender Date, shall cease to bear interest and no longer will be considered to be Outstanding. In the event of a failure by owners to deliver Bonds on the Mandatory

Tender Date, such Owners will not be entitled to any payment (including any interest to accrue from and after the Mandatory Tender Date) other than the purchase price for such Untendered Bond, and any Untendered Bond will no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price for such Untendered Bond. The Issuer shall sign, and the Tender Agent shall authenticate and deliver to the Remarketing Agent for redelivery to the purchaser, a new Bond in replacement of the Untendered Bond. The replacement of any such Untendered Bond shall not be deemed to create new indebtedness, but shall be deemed to evidence the indebtedness previously evidenced by the Untendered Bond.

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

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

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

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

No Sales After Wrongful Dishonor; No Purchase After Acceleration

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

Remarketing Agent

Citigroup Global Markets Inc. (the “Remarketing Agent”) will serve as remarketing agent with respect to the Bonds under a Remarketing Agreement, dated as of July 1, 2008 (the “Remarketing Agreement”), by and between the Remarketing Agent and the Borrower. The Remarketing Agent will determine the interest rates on the Bonds in accordance with the Indenture and is required to use its best efforts to remarket the Bonds in accordance with the terms of the Remarketing Agreement.

Disclosure Concerning Sales by Remarketing Agent

The following information concerning sales by the Remarketing Agent has been provided by the Remarketing Agent for inclusion herein.

The Remarketing Agent is Paid by the Borrower. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Composite Offering Statement. The Remarketing Agent is appointed by the Borrower and is paid by the Borrower for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquires such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Payment Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any; on and as of the applicable Interest Payment Date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Interest Payment Date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the Interest Payment Date, at a discount to par to some investors.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Be Removed Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed without a successor having been named, subject to the terms of the Indenture.

Redemption Provisions

The Bonds shall be subject to redemption prior to maturity as set forth below. All redemptions must be in Authorized Denominations.

Optional Redemption. The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower (i) on any Interest Payment Date within a Weekly Variable Rate Period or Daily Variable Rate Period and on any Adjustment Date at a redemption price equal to 100% of the principal amount redeemed, without premium, plus accrued interest to the Redemption Date or (ii) on any Mandatory Tender Date, as designated by the Borrower in writing on or before such Mandatory Tender Date, at a price equal to the principal amount of Bonds redeemed, plus interest accrued thereon to the date fixed for redemption. The principal of and accrued interest on any Bond being optionally redeemed shall be paid from a Draw on the Letter of Credit or if an Alternate Credit Facility is in effect, be paid from a Draw under the Alternate Credit Facility.

Mandatory Redemption. The Bonds are subject to mandatory redemption as provided in the provisions of the Indenture described in this paragraph on the earliest practicable Redemption Date for which timely notice of redemption can be given pursuant to the Indenture following the occurrence of the event requiring such redemption. The principal of and accrued interest on any Bond being redeemed under the provisions of the Indenture described in this paragraph shall be paid from a Draw on the Letter of Credit, if a Letter of Credit is in effect, or if an Alternate Credit Facility is in effect, be paid from a Draw under the Alternate Credit Facility. Bonds will be redeemed at a redemption price equal to 100% of the principal amount of such Bonds, without premium, plus accrued interest to the Redemption Date. Bonds subject to mandatory redemption in part shall be redeemed in Authorized Denominations or shall be redeemed in such amounts so that the Bonds Outstanding following the redemption are in Authorized Denominations. If the Trustee receives an amount for the mandatory redemption of Bonds which is not equal to a whole integral multiple of the Authorized Denomination, the Trustee shall redeem Bonds in an amount equal to the next lowest whole integral multiple of the Authorized Denomination to the amount received by the Trustee and hold any excess amount in the Redemption Account.

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

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

(c) ***Principal Reserve Fund.*** The Bonds shall be redeemed in whole or in part as follows:

(i) on each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account pursuant to the Indenture; and

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

Bonds are required to be redeemed in the following order of priority: first, 2006A-T Bonds, second, Tax-Exempt Bonds in a Daily Mode or a Weekly Mode, third, all other Tax-Exempt Bonds.

(d) *Excess Loan Funds.* The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund are transferred to the Redemption Account pursuant to the Indenture; provided, proceeds of the 2006A Bonds on deposit in the Loan Fund may be applied only to the redemption of 2006A Bonds and proceeds of the 2008 Bonds on deposit in the Loan Fund may be applied only to the redemption of 2008 Bonds.

Notice of Redemption. For any redemption of Bonds other than as described below, the Trustee shall give notice of redemption by first class mail, postage prepaid, not less than 10 days prior to the specified Redemption Date, to the Registered Owner of each Bond to be redeemed at the address of such Registered Owner as shown on the Bond Register; provided, that no notice of redemption shall be required for an optional redemption of Bonds on a Mandatory Tender Date as described above. With respect to Book Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. In the case of any mandatory redemption of Bonds after an event of default under the Reimbursement Agreement, as described above, no notice of redemption will be given.

In the case of an optional redemption, the notice of redemption shall state that it is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds including Available Moneys to pay any redemption premium in full ("Conditional Redemption"), and such notice and optional redemption shall be of no effect if either (A) by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds and sufficient Available Moneys to pay any redemption premium have not been deposited with the Trustee, or if such moneys are deposited, are not available or (B) the Credit Provider instructs the Trustee to rescind such notice on or prior to the scheduled redemption date. The Trustee shall provide copies of all notices given under the Indenture and of all revocations of notices to the Credit Provider (so long as the Letter of Credit is in effect) or any Alternate Credit Provider (at such time as an Alternate Credit Facility is in effect), at the same time it gives notices to Bondholders.

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

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

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

THE TRUSTEE, AS LONG AS THE BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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

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

Purchase in Lieu of Redemption

If the Bonds are called for redemption in whole, the Bonds called for redemption may be purchased in lieu of redemption in accordance with the provisions of the Indenture described in this section.

(a) *Purchase in Lieu of Redemption.* Purchase in lieu of redemption shall be available for all of the Bonds called for redemption. The Credit Provider, or the Borrower with the written consent of the Credit Provider, may direct the Trustee to purchase all of the Bonds. Any such direction to the Trustee must:

- (i) be in writing;
- (ii) state either that all of the Bonds called for redemption are to be purchased or, if less than all of the Bonds called for redemption are to be purchased, identify those Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and
- (iii) be received by the Trustee no later than noon one Business Day prior to the Redemption Date.

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

(b) *Withdrawal of Direction To Purchase.* On or prior to the scheduled redemption date, any direction given to the Trustee or any consent given by the Credit Provider to such a direction may be withdrawn by written notice to the Trustee. Subject generally to the Indenture, should a direction to purchase or the consent of the Credit Provider be withdrawn, the scheduled redemption of such Bonds shall not occur.

(c) *Purchaser.* If the purchase is directed by the Credit Provider, the purchase shall be made for the account of the Credit Provider or its designee. If the purchase is directed by the Borrower with the consent of the Credit Provider, the purchase shall be made for the account of the Borrower or its designee.

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

- (i) the Credit Facility Account to pay the principal and interest components of the purchase price; and
- (ii) the Redemption Account to pay the redemption premium component of the purchase price;

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

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

(f) *Limitations on Transfer of Bonds.* Notwithstanding certain provisions of the Indenture regarding the exchange and transfer of Bonds, Bonds purchased in lieu of redemption pursuant to the provisions of the Indenture described in this section may not be transferred to another registered owner without the written approval of the Issuer and only in compliance with all applicable securities laws; provided, however, that such approval shall not be required if, at the time of such transfer, such Bonds have a current investment grade rating from the Rating Agency. Any such approved transfer must be of all of the Bonds purchased to a single registered owner.

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

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law; a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.com.

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

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, 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 the Issuer or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Borrower, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The requirement for physical delivery of Bonds in connection with 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 account of the Tender Agent or the Remarketing Agent, as appropriate.

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 service as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Generally

The Bonds and the interest thereon are limited obligations of the Issuer, payable solely from the Security (consisting of the Letter of Credit and the Trust Estate), which is specifically assigned and pledged to such purposes in the manner and to the extent provided in the Indenture. Neither the State of California (the "State"), nor any political subdivision thereof (except the Issuer, to the limited extent set forth in the Indenture) will in any event be liable for the payment of the principal of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever of the Issuer, and none of the Bonds or any of the Issuer's agreements or obligations will be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of the Issuer, the State or any political subdivision thereof (except the Issuer, to the limited extent set forth in the Indenture) within the meaning of any constitutional or statutory provision whatsoever.

To secure the payment of the principal of and interest and any premium on, and the purchase price of, the Bonds according to their tenor and effect, and to secure, on a parity basis, all obligations owed to the Credit Provider under the Credit Facility Documents and the Loan Documents, and to secure the performance and observance by the Issuer of the covenants expressed or implied in the Indenture and in the Bonds, the Issuer has absolutely and irrevocably pledged and assigned the property described in the following paragraphs (1) through (5) (the "Trust Estate") to the Trustee for the benefit of the Bondholders and to the Credit Provider, as their interests may appear, subject to the Assignment and the provisions of the Indenture permitting the application of such property for the purposes set forth in the Indenture:

1. All right, title and interest of the Issuer in and to the Loan, including the Note, the Security Instrument and the other Loan Documents and in and to the Financing Agreement, reserving, however, the Reserved Rights;
2. All rights to receive payments on the Note and under the other Loan Documents, including all proceeds of insurance or condemnation awards;

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

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

5. All of the proceeds of the foregoing, including, without limitation, Investments and Investment Income (except as excluded as described above).

The Letter of Credit

The Letter of Credit in the amount of \$136,509,041 initially expires on July 31, 2011 by its terms (the "Expiration Date") and will be subject to two twelve-month extension options pursuant to the terms of the Reimbursement Agreement, but is subject to earlier termination in certain events. The Letter of Credit will be delivered to the Trustee by the Bank and shall be effective upon the Delivery Date. Under the Letter of Credit, the Trustee will be entitled to draw up to an amount sufficient to pay (a) the principal or Purchase Price of the Bonds and (b) up to 34 days' interest on the Bonds computed at an assumed rate of twelve percent (12%) per annum on the principal thereof based on a 365-day year so long as the Bonds bear interest at the Weekly Variable Rate.

Under the Letter of Credit, the Bank will make payments in an amount that will be sufficient to pay the interest on the Bonds when and as due and the Purchase Price equal to the unpaid principal of and interest accrued on Bonds tendered for purchase. The obligation of the Bank to make timely payments sufficient to pay the principal of and interest on the Bonds under the Letter of Credit during its term is irrevocable. Under the terms of the Reimbursement Agreement, the Borrower must reimburse the Bank for all sums paid under the Letter of Credit. The form of the Letter of Credit is attached hereto as "APPENDIX H – FORM OF LETTER OF CREDIT."

Alternate Credit Facility

At all times there shall be provided and continuously available to the Trustee, as beneficiary, a Credit Facility (whether in the form of a letter of credit, insurance policy, surety bond or any other credit instrument) meeting the requirements of the Indenture. The Borrower shall have the right at any time, whether or not in connection with the adjustment of the interest on the Bonds to another Mode or the pending expiration of any then outstanding Credit Facility, to provide to the Trustee an Alternate Letter of Credit that meets the requirements of the Indenture, and the Trustee has been directed pursuant to the Indenture to accept any such Alternate Letter of Credit.

When delivered, the Indenture requires that each Credit Facility satisfy the following requirements:

(a) the Credit Facility shall be in an amount equal to the aggregate principal amount of the Bonds of such Series Outstanding from time to time plus the Interest Requirement;

(b) the Credit Facility shall provide for payment in immediately available funds to the Trustee, upon receipt of the Trustee's request for such payment with respect to any Interest Payment Date, purchase date (if applicable) or mandatory redemption date pursuant to the Indenture;

(c) if the Credit Facility is provided to secure a Series of Bonds during a Reset Period, the Credit Facility shall provide an expiration date no earlier than the earliest of (i) the day following the Adjustment Date immediately succeeding the Reset Period; (ii) 10 days after the Trustee receives notice from the Credit Provider of an Event of Default under the Reimbursement Agreement and a direction to redeem all Outstanding Bonds of such Series; (iii) the date on which all Bonds of such Series are paid in full and the Indenture is discharged in accordance with its terms; and (iv) the date on which the Bonds of such Series become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Credit Facility;

(d) unless waived by the Issuer in its sole discretion, the Credit Facility shall result in such Series of Bonds receiving a short term rating in the highest rating category of each Rating Agency or a long term rating in one of the three highest rating categories of each Rating Agency, or both, as applicable for the Mode then in effect;

(e) if the Credit Facility is an Alternate Credit Facility, the Alternate Credit Facility satisfies certain other requirements of the Indenture, including the requirement that the Substitution Date for an Alternate Credit Facility be an Interest Payment Date during a Weekly Variable Rate Period, or a Daily Variable Rate Period, or an Adjustment Date which immediately follows a Reset Period; and

(f) the Trustee has received on or prior to the effective date of the Credit Facility (i) an Opinion of Counsel to the Credit Provider issuing the Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Credit Facility and its enforceability and (ii) with respect to an Alternate Credit Facility, an opinion of Bond Counsel to the effect that the Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Tax-Exempt Bonds.

BONDHOLDERS' RISKS

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

Limited Liability

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY, WHICH IS SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND

WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

Performance of the Borrower

If there is a default by the Borrower under the Financing Agreement, including the failure by the Borrower to pay on the date due any amounts required to be paid by the Borrower under the Financing Agreement or the Reimbursement Agreement, the Bank may request that the Trustee declare the unpaid balance of the Loan to be immediately due and payable. In such event, the Trustee is required pursuant to the Indenture to declare the principal amount of the Bonds to be immediately due and payable. No premium will be paid on the Bonds in the event of the declaration of acceleration of maturity of the Bonds.

Market Factors Regarding Bonds

The relative buying and selling interest of market participants in securities such as such as the Bonds will vary over time, and such variations may be affected by, among other things, news relating to the Borrower or the Bank, the attractiveness of alternative investments, the perceived risk of owning the security, the tax treatment accorded the instruments, the accounting treatment accorded such securities, reactions to regulatory actions or press reports, financial reporting cycles and market sentiment generally. Shifts of demand in response to any one or simultaneous particular events cannot be predicted and may be short-lived or exist for longer periods.

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

The Bonds are not subject to acceleration or redemption (unless the Bank 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 that 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 excludable from gross income for purposes of federal income tax. Under such circumstances, interest on the Bonds might become subject to federal income taxation retroactive to the date of issuance or some other subsequent date.

Bond Ratings Based on Letter of Credit

The rating on the Bonds is based on the Letter of Credit and the creditworthiness of the Bank. The main credit risk is that the Bank will fail to perform under the Letter of Credit. There can be no assurance that the Bank will maintain its financial condition or honor future payment obligations on the Bonds until expiration of the Letter of Credit.

Early Redemption

A variety of factors described herein may result in an early redemption of the Bonds. The possibility of an early redemption could affect the ability of the Bonds to be valued or sold at a premium. Early redemption would also cause a loss of any premium otherwise owing to the holder of any Bond.

Bankruptcy of Borrower

In the event of a bankruptcy filing by or against the Borrower, all or a portion of any payments made to Bondholders within 91 days of the filing of such bankruptcy could be recovered from Bondholders by the order of a bankruptcy judge finding that such payments to Bondholders were "preferential" payments within the meaning of Section 547 of the United States Bankruptcy Code. In the event Bondholders were ordered to return payments previously received, Bondholders' recourse, through the Trustee, would be to the obligations of the Bank to the Trustee as and to the extent provided in the Letter of Credit.

The United States Bankruptcy Code automatically stays enforcement of any liens, such as the Security Instrument, against the property of a bankrupt estate, even if such liens arose prior to the filing of the bankruptcy petition. In the event of the bankruptcy of the Borrower, the Trustee's ability to enforce the provisions of the Security Instrument would be substantially impaired, absent relief by the bankruptcy court from the automatic stay. In the event of such a stay, Bondholders recourse, through the Trustee, would be to the obligations of the Bank to the Trustee as and to the extent provided in the Letter of Credit.

Normal Risks Attending any Investment in Real Estate; Environmental Risks

There are many diverse risks attending any investment in real estate not within the Borrower's control, including general economic conditions, over-supply of similar facilities in the area, population decrease, uninsured losses, operating deficits, mortgage foreclosure and adverse changes in zoning laws. In addition, there are potential risks relating to environmental liability associated with the ownership of real property. If hazardous substances are found to be located on a property, the owner of such property may be held liable for costs and other liabilities relating to such hazardous substances. In the event of a 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 might exceed the value of such property.

Performance of the Project

No assurance can be given as to the future performance of the Project. The economic feasibility of the Project depends in large part upon its being substantially occupied at rentals adequate to cover all operating expenses and debt service. Although surveys of the area where the Project is located suggest that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by the Project, including new housing facilities which the Borrower, or its affiliates, may construct. There may be difficulties in keeping the Project substantially occupied. Furthermore, no assurance can be given that the low income tenants are able to afford the rental rates of the Project, albeit at below market rental rates, nor can assurance be given that there are sufficient low income tenants to fully rent the Very Low Income Units. The rent and affordability restrictions may adversely affect the revenues on the Project.

Estimated Project Expenses; Management

The success of the Project depends upon economic conditions, successful management of the Project and other factors. Furthermore, should management of the Project prove to be inefficient, *increases in operating expenses might exceed increases in rents which can be supported by market conditions.* The economic feasibility of the Project also depends to a large extent on operating expenses. No assurances can be given that moneys available to the Borrower from operation of the Project will be sufficient to make the required payments under the Financing Agreement.

No Personal Liability of the Borrower

The Borrower has not been nor will it be (subject to certain exceptions to non-recourse liability set forth in the Financing Agreement and the Bond Mortgage) personally liable for payments on the 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 Loan (excluding any and all Reimbursement Documents). All payments on the Loan are expected to be derived from revenues generated by the Project.

Competing Facilities

The Issuer, the Borrower and its affiliates and others may develop, construct, acquire and/or operate other facilities that could compete with the Project for tenants. Any competing facilities, if so constructed or acquired, could adversely affect occupancy and revenues of the Project.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market. There can be no assurance that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time.

Energy Shortages and Allocations

There may be shortages or increases in the cost of fuel, natural gas, electric power or allocations thereof by suppliers or governmental regulatory bodies in the area of the Project. In the event such shortages, price increases or allocations occur, the Project may be adversely affected. No assurance can be given as to whether such shortages, price increases or allocations will occur or the degree to which such events will influence the performance of the Project.

THE ISSUER

General

The Bonds have been or are being issued by the County of Contra Costa, California, pursuant to Chapter 7 of Part 5 of Division 31, commencing with Section 52075, of the Health and Safety Code of California (the "Act"), which permits counties to issue revenue bonds for the purpose of financing the acquisition, construction, and equipping of multifamily rental housing (such as the Project). The County of Contra Costa is located on the east side of San Francisco Bay.

Limited Liability

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE SECURITY, WHICH IS SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE. NEITHER THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

THE BANK

Bank of America, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2008, the Bank had consolidated assets of \$1,355 billion, consolidated deposits of \$793 billion and stockholder's equity of \$111 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, together with any subsequent documents it filed with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is

qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

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

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

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications

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

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the construction and development of the Project are estimated by the Borrower to be approximately as follows:

Sources of Funds	
Bond Proceeds	\$135,000,000
Developer Equity	<u>19,541,725</u>
Total	\$154,541,725

Uses of Funds	
Land Purchase/Lease	\$3,504,800
On-Site & Off-Site Costs	9,724,838
Hard Construction Costs	96,525,953
Architect & Engineering Fees	5,746,704
Contractor Overhead and Profit	2,594,911
Developer Fee	1,624,000
Cost of Issuance	16,194,140
Capitalized Interest	3,271,514
Other Soft Costs	<u>15,354,865</u>
Total	\$154,541,725

THE PROJECT AND THE PRIVATE PARTICIPANTS

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

The Borrower

The Project is owned by PHVP I, LP (the "Borrower"), a Delaware limited partnership qualified to do business in California. The Borrower was formed for the purpose of owning, operating, leasing, managing and maintaining the Project. The Borrower is comprised of a 1% general partner and a 99% limited partner. The Borrower's general partner is PHVP I GP, LLC, a Delaware limited liability company (the "General Partner"). The sole member of the General Partner is Pleasant Hill Transit Village Associates, LLC ("PHTVA"). PHTVA is also the limited partner of the Borrower, and is indirectly controlled by AvalonBay Communities, Inc. ("AvalonBay"). AvalonBay is a Maryland corporation whose common stock is listed on both the New York Stock Exchange (AVB) and the Pacific Exchange (AVB). AvalonBay has elected to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended. AvalonBay focuses on the ownership, development and operation of luxury apartment communities in high barrier-to-entry markets of the United States. As of March 31, 2008, AvalonBay owned or held an interest in 183 apartment communities containing 52,167 apartment units in 10 states and the District of Columbia. The Borrower has no real estate assets other than the Project.

The obligations and liabilities of the Borrower under the Loan are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners, officers, shareholders or directors have any personal liability for payments on the Note to be

applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Composite Offering Statement.

The Project

The Project, known as Avalon Walnut Creek at Contra Costa Centre, is a residential component of a larger mixed-use development (the "Development") located adjacent to the Pleasant Hill Bay Area Rapid Transit rail system ("BART") station in Contra Costa County, California. The Development is expected to consist of market-rate and affordable residential units, a multistory parking garage that will contain approximately 3,367 parking spaces for BART patrons, approximately 35,000 square feet of retail space, approximately 270,000 square feet of commercial office space, 100 for sale units and approximately 19,400 square feet of conference facilities. As a component of the Development, the Project is expected to be built as luxury family apartments in a courtyard style, and is anticipated to include an approximately 648-space parking garage. All units will be included in three, four-story apartment buildings; the bottom level of two of the buildings will house street level retail space. Bond proceeds will be used to finance only the Project and no other component of the overall Development.

The Project will include an anticipated unit mix as follows:

No. of Bedrooms/ Baths	No. of Units	Approximate Square Footage of Each Unit
Studio	31	532
1BR/1BA	187	806
2BR/2BA	175	1,195
3BR/3BA	29	1,333

Individual unit amenities will include balconies, nine-foot ceilings, washer and dryers, walk in closets, wall-to-wall carpeting, vinyl flooring in bathrooms and kitchen areas, and vertical blinds. Kitchens will be equipped with electric ranges/ovens, microwaves, refrigerators, dishwashers, garbage disposals, granite countertops and maple cabinetry. Each unit will have an independently controlled HVAC heating and cooling unit.

The land underneath the Project is owned by the San Francisco Bay Area Rapid Transit District, which leases it to Pleasant Hill BART Station Leasing Authority, a joint powers agency established and existing pursuant to the joint powers agency law of the State of California (the "Authority"). The Authority will sublease the land to the Borrower pursuant to the Ground Sub-lease, which has a term of approximately 98 years.

Restrictive Covenants

The Regulatory Agreement imposes certain requirements on the Borrower with respect to the tax-exempt status of the Tax-Exempt Bonds under the Code, which include, among other requirements, a set aside of not less than 20% of the units in the Project (the "Very Low Income Units") for rental to very low income households (no greater than 50% of area median income, adjusted for family size). The Regulatory Agreement also imposes certain affordable housing requirements on the Project in connection with a loan to be made to the Borrower from the Contra Costa County Redevelopment Agency (the "Agency"), in accordance with the California Community Redevelopment Law.

Under the Regulatory Agreement, very low income households are persons or families having incomes at or below the limits for very low income households, adjusted for actual household size, as established and amended by the United States Department of Housing and Urban Development from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by the State of California Department of Housing and Community Development. Further, annual rents charged on the Very Low Income Units may not exceed an amount in excess of 30% of 50% of median adjusted gross income for the area, adjusted for family size. See "APPENDIX D --SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" herein.

Property Manager

The Project will be managed by AvalonBay Communities, Inc. ("Project Manager"). The Project Manager manages over 42,300 units of affordable, conventional, and multifamily housing in the United States.

RATINGS

It is a condition to offering the Bonds that Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") has assigned to the Bonds the ratings shown on the cover page hereof. Such ratings reflect only the view of such organization, and an explanation of the significance of such ratings may be obtained only from S&P. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

TAX MATTERS

2006A Bonds

On March 23, 2006, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, delivered its opinion that interest on the 2006A Bonds was excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion was expressed as to the status of interest on any 2006A Bond for any period that such 2006A Bond is held by a "substantial user" of the facilities financed or refinanced by the 2006A Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observed, however, that interest on the 2006A Bonds was a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, and that interest on the 2006A-T Bonds was not excluded from gross income for federal income tax purposes. Bond Counsel was also of the opinion that interest on the 2006 Bonds was exempt from State of California personal income taxes. Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2006 Bonds.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the remarketing of the 2006A Bonds on the Closing Date will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the 2006A Bonds. Bond Counsel is not rendering any opinion on the current tax status of the 2006A Bonds. A complete copy of the proposed form of opinion proposed to be delivered by Bond Counsel on the delivery date is set forth in Appendix F.

As described in the Official Statements relating to the original issuance of the 2006A Bonds, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2006A Bonds. The Issuer and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2006A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2006A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2006A Bonds. The opinion of Bond Counsel assumed the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2006A Bonds may adversely affect the value of, or the tax status of interest on, the 2006A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel was of the opinion that interest on the 2006A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2006A Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2006A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2006A Bonds. Prospective purchasers of the 2006A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel was based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2006A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Borrower have covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners regarding the tax-exempt status of the 2006A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the Borrower and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2006A Bonds for audit, or the course or result of such audit, or an audit of bonds

presenting similar tax issues may affect the market price for, or the marketability of, the 2006A Bonds, and may cause the Issuer, the Borrower or the beneficial owners to incur significant expense.

2008 Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any 2008 Bond for any period that such Bond is held by a "substantial user" of the facilities financed or refinanced by the 2008 Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the 2008 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel is also of the opinion that interest on the 2008 Bonds is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2008 Bonds. The Issuer and the Borrower have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2008 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2008 Bonds being included in gross income for federal income tax purposes; possibly from the date of original issuance of the 2008 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2008 Bonds may adversely affect the value of, or the tax status of interest on, the 2008 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2008 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2008 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the 2008 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the 2008 Bonds. Prospective purchasers of the 2008 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2008 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service

("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Borrower have covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners regarding the tax-exempt status of the 2008 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the Borrower and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Borrower legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2008 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2008 Bonds, and may cause the Issuer, the Borrower or the beneficial owners to incur significant expense.

ENFORCEABILITY OF REMEDIES

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

CONTINUING DISCLOSURE

During the time the Bonds bear interest during a Weekly Variable Rate Period pursuant to the Indenture, the Borrower, as obligor with respect to the Bonds, is exempt from the continuing disclosure requirements of Securities Exchange Commission Rule 15c2-12(b)(5). Accordingly, no continuing disclosure with respect to the Bonds, the Borrower, the Bank or the Issuer will be provided to the Bondholders so long as the Bonds bear interest during a Weekly Variable Rate Period. Pursuant to the Financing Agreement, the Borrower will covenant and agree that on and after adjustment to a Reset Rate or the Fixed Rate, it will comply, to the extent applicable to the Bonds, with and carry out all of the provisions of a continuing disclosure undertaking between the Borrower and the Trustee to be executed and delivered as a condition to the adjustment of the interest rate with respect to the Bonds to a Reset Rate or the Fixed Rate for compliance with the continuing disclosure obligations under Securities Exchange Commission Rule 15c2-12(b)(5).

ABSENCE OF LITIGATION

Issuer

There is no action, suit or proceeding known to be pending or, to the best of the Issuer's knowledge, threatened, seeking to restrain or enjoin the execution or delivery of the Bonds, the Indenture,

the Financing Agreement, the Regulatory Agreement, the Letter of Credit or in any way contesting or affecting the validity of the foregoing.

Borrower

There is no controversy or litigation of any nature now pending against the Borrower and no controversy or litigation of any nature now pending or, to the best knowledge of the Borrower, threatened seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds. There is no controversy or litigation of any nature now pending or, to the best knowledge of the Borrower, threatened against the Borrower which, if successful, would in the view of the Borrower materially and adversely affect the operations or financial condition of the Borrower.

UNDERWRITING AND REMARKETING

The 2008 Bonds are being purchased for offering by Citigroup Global Markets Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement among the Underwriter, the Borrower and the Issuer. The Underwriter has agreed to purchase the 2008 Bonds at a purchase price equal to the principal amount of the 2008 Bonds. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. For its services as such, the Underwriter is to be paid a fee equal to \$28,340, from which it will pay certain expenses.

In addition, the 2006 Bonds are being remarketed by Citigroup Global Markets Inc. the ("Remarketing Agent") pursuant to a Remarketing Agreement between the Borrower and the Remarketing Agent at a price of par with no accrued interest. As consideration for using its best efforts to remarket the 2006 Bonds on the Delivery Date, the Remarketing Agent will be paid a fee equal to \$354,250, which is in addition to fees totaling \$43,750 previously received by Citigroup Global Markets Inc. for its underwriting of the original issuance of the 2006 Bonds and the remarketing of the 2006 Bonds on December 4, 2007.

In addition to its compensation for services as Underwriter with respect to the issuance of the 2008 Bonds and for services as Remarketing Agent with respect to the remarketing of the 2006 Bonds on the Delivery Date, Citigroup Global Markets Inc. will be paid an annual fee in accordance with the terms of the Remarketing Agreement for its on-going remarketing services with respect to the Bonds. The Remarketing Agent may reoffer and sell the Bonds to certain dealer banks and banks acting as agents at prices lower than the price stated on the cover of the Composite Offering Statement.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Composite Offering Statement. Certain legal matters will be passed upon for the Bank by Updike, Kelly & Spellacy, P.C., Hartford, Connecticut, for the Underwriter and Remarketing Agent by Eichner & Norris PLLC, Washington, D.C., and for the Borrower by Goodwin Procter, LLP, San Francisco, California.

MISCELLANEOUS

Any statement in this Composite Offering Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Composite Offering Statement is not to be construed as a contract or agreement between the Issuer, the Borrower and the purchasers or Bondholders of any of the Bonds.

[Issuer's Signature Page to the Composite Offering Statement]

COUNTY OF CONTRA COSTA, as Issuer

By: /s/ James Kennedy

Name: James Kennedy

Title: Deputy Director – Redevelopment

[Borrower's Signature Page to the Composite Offering Statement]

PHVP I, LP,
a Delaware limited partnership

By: **PHVP I GP, LLC**, a Delaware limited liability company, its general partner

By: /s/ Joanne M. Lockridge
Name: Joanne M. Lockridge
Title: Authorized Signatory

APPENDIX A SELECTED DEFINITIONS

Certain capitalized words and terms used but not elsewhere defined in this Composite Offering Statement shall have the following meanings:

“Account” means an account established within a Fund.

“Act” means Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

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

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

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

“Alternate Credit Facility” means a letter of credit (whether or not so named), surety bond, insurance policy, standby bond purchase agreement, credit enhancement instrument, collateral purchase agreement, mortgage backed security or similar agreement, instrument or facility provided in accordance with the Financing Agreement and satisfying the requirements of the Indenture. The Letter of Credit (including any extension or renewal of the Letter of Credit) is not an “Alternate Credit Facility.” For purposes of this definition, “letter of credit” means an irrevocable letter of credit (i) having the characteristics of a “credit” or “letter of credit” set forth in Section 5 103 of the UCC except that a letter of credit (A) may not be revocable and (B) may be issued only by (1) a national bank, (2) any banking institution organized under the laws of any state, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the state or territorial banking commission or similar officials or (3) a branch or agency of a foreign bank, provided that the nature and extent of federal and/or state regulation and the supervision of the particular branch or agency is substantially equivalent to that applicable to federal or state chartered domestic banks doing business in the same jurisdiction; and (ii) which meets the requirements of a Credit Facility under the Indenture.

“Alternate Credit Provider” means the provider of an Alternate Credit Facility.

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

“Assignment” means the Intercreditor Agreement, dated as of July 1, 2008, among the Issuer, the Agency, the Trustee and the Credit Provider (and its successors and assigns), and acknowledged and agreed to by the Borrower, as it may be amended, supplemented or restated from time to time, and any similar agreement executed and delivered in connection with the delivery of an Alternate Credit Facility.

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

“*Authorized Representative*” means the Chair or Vice Chair of the Board of Supervisors, the County Administrator, the Interim Director of the Conservation and Development Department, or the Deputy Director-Redevelopment, and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds.

“*Available Moneys*” means, as of any date of determination, any of (a) the proceeds of the Bonds, (b) remarketing proceeds received from the Remarketing Agent or any purchaser of Bonds (other than remarketing or purchase proceeds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer or any guarantor of the Loan), (c) moneys received by the Trustee pursuant to a draw on the Credit Facility, (d) the proceeds of refunding bonds, (e) any other amounts for which, in each case, the Trustee has received an Opinion of Counsel acceptable to each Rating Agency to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 544, 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code, (f) the price paid by the Credit Provider for the purchase of Bonds in lieu of redemption, and (g) Investment Income derived from the investment of moneys described in clause (a), (b), (c), (d) (e), (f) or (g).

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

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

“*Bond*” or “*Bonds*” means, collectively, the 2006 Bonds and the 2008 Bonds.

“2006 Bonds” means, collectively, the 2006A Bonds and the 2006A-T Bonds.

“2006A Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2006A.

“2006A-T Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Taxable Series 2006A-T.

“2008 Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2008A.

“*Bond Counsel*” means (i) on the Closing Date, the law firm delivering the approving opinion with respect to the 2006 Bonds, (ii) on the Escrow Break Date, the law firm delivering the approving opinion with respect to the 2008 Bonds or (iii) after the Escrow Break Date, any law firm selected by the Issuer and acceptable to the Credit Provider, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of the interest payable on bonds issued by states and political subdivisions.

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

“*Bond Purchase Agreements*” means, collectively, the Bond Purchase Agreement, dated March 16, 2006, among the 2006 Underwriter, the Issuer and the Borrower, and the Bond Purchase Agreement, among the 2008 Underwriter, the Issuer and the Borrower.

“*Bond Purchase Fund*” means the Bond Purchase Fund created by the Indenture.

“*Bond Register*” means the Bond Register maintained by the Trustee pursuant to the Indenture.

“*Bond Resolutions*” means, collectively, the resolution adopted by the Board of Supervisors of the Issuer on March 14, 2006 and the resolution adopted by the Board of Supervisors of the Issuer on July 8, 2008, authorizing and approving the issuance and sale of the Bonds and the execution and delivery of the Indenture, the Assignment, the Bond Purchase Agreements, the Financing Agreement, the Loan Documents, the Regulatory Agreement, the Tax Certificates and certain other documents, making certain appointments and determining certain details with respect to the Bonds.

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

“*Bondholder Tender Notice*” means a written notice meeting the requirements of the Indenture.

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

“*Book-Entry System*” means an electronic system in which the clearance and settlement of securities transactions is made through electronic book-entry changes.

“*Borrower*” means PHVP I, LP, a Delaware limited partnership, or any of its permitted successors or assigns as owner of the Project.

“*Borrower Documents*” means the Bond Documents to which the Borrower is a party and the Loan Documents and all other documents to which the Borrower is a party and which are being executed and delivered by the Borrower in connection with the transactions provided for in the Transaction Documents, and the Loan Documents.

“*Business Day*” means any day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (c) any day on which banking institutions located in the city or cities in which the Designated Office of the Trustee or the Remarketing Agent is located are required or authorized by law or executive order to close, or (d) a day on which the New York Stock Exchange is closed.

“*Capitalized Moneys Account*” means the Capitalized Moneys Account of the Loan Fund.

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

“*Closing Date*” means March 23, 2006, the date on which the 2006 Bonds were issued and delivered to or upon the order of the 2006 Underwriter.

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

“*Conditional Redemption*” means a redemption where the Trustee has stated in the notice of redemption that the redemption is conditioned upon deposit of funds.

“*Costs of Issuance*” means:

(a) the fees, costs and expenses of (i) the Issuer (in the amount of \$33,125), (ii) the Issuer’s financial advisor (in the amount of \$45,000), (iii) Issuer’s counsel, (iv) the 2008 Underwriter (including discounts to the 2008 Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the 2008 Underwriter’s counsel, (v) the Remarketing Agent, (vi) Bond Counsel, (vii) the Trustee and the Trustee’s counsel, (viii) the Borrower’s counsel and the Borrower’s financial advisor; if any, (ix) the Rating Agency and (x) the Credit Provider and the Credit Provider’s counsel;

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

(c) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the 2008 Bonds, or the remarketing of the 2006 Bonds on the Escrow Break Date, including printing costs, costs of reproducing documents, filing and recording fees.

“*Costs of Issuance Deposit*” means the deposit in the amount set forth in the Indenture to be made by the Borrower with the Trustee on the Escrow Break Date to pay Costs of Issuance, plus any additional amount deposited by the Borrower with the Trustee to pay Costs of Issuance or costs of remarketing the Bonds.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund created and established by the Indenture.

“*Costs of the Project*” means the costs chargeable to the Mortgaged Property in accordance with generally accepted accounting principles, including, but not limited to, the costs of acquisition, construction, rehabilitation, reconstruction, restoration, repair, alteration, improvement and extension (in any of such events, “construction”) of any building, structure, facility or other improvement; stored materials for work in progress; the cost of machinery and equipment; the cost of the “Land” (as that term is defined in the Security Instrument), rights in lands; easements, privileges, agreements, franchises, utility extensions, disposal facilities, access roads and site development necessary or useful and convenient for the Mortgaged Property; financing costs, including, but not limited to, the Costs of Issuance, engineering and inspection costs; fees paid to the developer of the Mortgaged Property; organization, administrative, insurance, legal, operating, letter of credit and other expenses of the Borrower actually incurred prior to and during construction; and all such other expenses as may be necessary or incidental to the financing, acquisition, construction or completion of the Mortgaged Property or any part of it, including, but not limited to, the amount of interest expense incurred with respect to the Loan prior to the date the Mortgaged Property is placed in service or available to be placed in service; insurance premiums payable by the Borrower and taxes and other governmental charges levied on the Mortgaged Property.

“*Credit Facility*” means the Letter of Credit and at such time as an Alternate Credit Facility is in effect, the Alternate Credit Facility.

“*Credit Facility Account*” means the Credit Facility Account of the Revenue Fund.

“*Credit Facility Documents*” means, individually and collectively, the Reimbursement Agreement and the Letter of Credit and all other documents evidencing, securing or otherwise relating to

the Reimbursement Agreement and the Letter of Credit, including, without limitation, the other Reimbursement Documents, and all amendments, supplements and restatements of such documents.

"Credit Provider" means, initially, Bank of America, N.A., the provider of the Letter of Credit, or so long as any Alternate Credit Facility is in effect, the Alternate Credit Provider then obligated under the Alternate Credit Facility.

"Credit Provider Bonds" means any Bonds purchased and held in accordance with the Indenture.

"Credit Provider Rate" means the interest rate to be paid on Credit Provider Bonds and Pledged Bonds established as provided in the Reimbursement Agreement.

"Daily Variable Rate" means the variable rate of interest per annum for the Bonds of a Series determined from time to time during the Daily Variable Rate Period in accordance with the Indenture.

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

"Delivery Date" means July 31, 2008.

"Designated Office" of the Trustee, the Tender Agent or the Remarketing Agent means, respectively, the office of the Trustee, the Tender Agent or the Remarketing Agent at the respective address set forth in the Indenture or at such other address as may be specified in writing by the Trustee, the Tender Agent or the Remarketing Agent, as applicable, as provided in the Indenture; provided that with respect to the Trustee the presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"Disposition and Development Agreement" means the Disposition and Development Agreement, dated as of December 19, 2005 and amended on February 25, 2008, between The Pleasant Hill BART Station Leasing Authority and Pleasant Hill Transit Village Associates, LLC, as amended.

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

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

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

"Electronic Means" means a facsimile transmission.

"Escrow Break Date" means July 31, 2008.

"Escrow Break Requirements" has the meaning ascribed to such term in the Original Indenture.

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

“Extension Date” means, with respect to the Letter of Credit or any Alternate Credit Facility, the date that is five Business Days prior to the date of expiration of the Letter of Credit or the Alternate Credit Facility, as applicable.

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

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

“Financing Agreement” means, the Amended and Restated Financing Agreement dated as of the date of the Indenture among the Issuer, the Trustee and the Borrower, as amended, supplemented or restated from time to time.

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

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

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

“Fund” means any fund created and established by the Indenture.

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

“Ground Sub-lease” means the ground sub-leases to be entered into by the Borrower, as sub-lessee, and Pleasant Hill BART Station Leasing Authority, a joint powers agency, established and existing pursuant to the joint powers agency law of the State of California, as sub-lessor, with respect to the real property underlying the Mortgaged Property, as amended.

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

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

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

“Interest Payment Date” means (i) during any Daily Variable Rate Period or Weekly Variable Rate Period, the fifteenth day of each calendar month commencing August 15, 2008; (ii) during any Reset Period and during the Fixed Rate Period, each April 15 and October 15 following the Adjustment Date, provided that the first Interest Payment Date during any such period may only occur on a date which is at least 30 days after the Adjustment Date; (iii) each Adjustment Date; (iv) for Bonds subject to redemption in whole or in part on any date, the date of such redemption; (v) the Maturity Date and (vi) for all Bonds any date determined pursuant to the Indenture.

“Interest Requirement” means (i) during any Daily Variable Rate Period or Weekly Variable Rate Period, 34 days interest on the Bonds at the Maximum Rate on the basis of a 365-day year, as applicable, for the actual number of days elapsed, and (ii) during a Reset Period or the Fixed Rate Period, 210 days interest at, respectively, the Reset Rate or the Fixed Rate, as the case may be, on the basis of a year of 360 days of twelve 30 day months; or, in the case of either (i) or (ii), such other number of days as may be required by the Rating Agency.

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

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

“Issuer” means the County of Contra Costa, a political subdivision of the State of California, and its successors and assigns.

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

“Issuer’s Fee” means the Issuer’s annual fee payable by the Borrower under the Regulatory Agreement.

“Letter of Credit” means the irrevocable direct pay letter of credit issued and delivered by the Credit Provider on the Escrow Break Date, for the benefit of the Trustee, to provide credit enhancement and liquidity support for the Bonds, any amendment, modification, or restatement of such letter of credit, any replacement letter of credit, any confirming letter or credit and any renewal(s) or extension(s) of any such letter of credit. If an Alternate Credit Facility is then in effect, each reference to the Letter of Credit shall mean such Alternate Credit Facility.

“Letter of Credit Expiration Date” means the expiration date specified in the Letter of Credit, subject to extension in accordance with the Reimbursement Agreement.

“LIBOR” means, with respect to any Week, the per annum rate for deposits in U.S. dollars for one month which appears on the Bloomberg British Bankers’ Association Back up rate to Taxable Rate Official BBA LIBOR Fixings Page (the “Official BBA LIBOR Fixings Page” as defined below) as of 11:00 a.m., London, England time, on the second Business Day preceding the beginning of such Week (in each case, a “LIBOR Determination Date”), rounded, if necessary, upward to the nearest one hundredth of one percent (0.01%). If such rate does not appear on the Official BBA LIBOR Fixings Page, LIBOR will be determined on such date as described in the paragraph below. “Official BBA LIBOR Fixings Page” means the display designated as page 1 of the “Official BBA LIBOR Fixings” on the Bloomberg

Financial Markets Commodities News Service (or such other page as may replace the Official BBA LIBOR Fixings Page on that service, or a comparable service, for the purpose of displaying London interbank offered rates of major banks).

If on such LIBOR Determination Date fewer than two offered rates appear on the Official BBA LIBOR Fixings Page, the Trustee will request the principal London office of each of two major banks (other than the Trustee or a Trustee owned or Trustee affiliated bank) that are engaged in transactions in the London interbank market, as selected by the Trustee with the approval of the Credit Provider, to provide the Trustee with its offered quotation for U.S. dollar deposits for one month to prime banks in the London interbank market as of 11:00 a.m., London, England time, on such date. If at least two such major banks provide the Trustee with such offered quotations, LIBOR on such date will be the arithmetic mean rounded, if necessary, upward to the nearest one hundredth of one percent (0.01%) of such quotations. If on such date fewer than two of the major banks provide the Trustee with such an offered quotation, LIBOR on such date will be the arithmetic mean rounded, if necessary, upward to the nearest one hundredth of one percent (0.01%) of the offered rates that two leading banks in the City of New York (other than the Trustee or a Trustee owned or Trustee affiliated bank), as selected by the Credit Provider, are quoting as of 11:00 a.m., New York City time, on such date to leading European banks for U.S. dollar deposits for one month; provided, however, that if two such New York banks are not quoting as described above, LIBOR will be the LIBOR applicable to the immediately preceding Week.

“*Loan*” means the loan made by the Issuer to the Borrower on the Escrow Break Date pursuant to the Financing Agreement for the purpose of providing funds to the Borrower to permanently finance the acquisition and construction of the Project.

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

“*Loan Fund*” means the Loan Fund created by the Indenture.

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

“*Maturity Date*” means the maturity date set forth on the inside cover hereof.

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

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

“*Moody’s*” means Moody’s Investors Service Inc., a Delaware corporation, and its successors and assigns.

“*Mortgaged Property*” has the meaning given to that term in the Security Instrument.

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

“*Net Proceeds*” means the proceeds from insurance or from actual or threatened condemnation or eminent domain action with respect to the Mortgaged Property, less any costs reasonably expended by the Borrower to receive such proceeds.

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

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

“*Original Financing Agreement*” means the Financing Agreement, dated as of March 1, 2006, among the Issuer, U.S. Bank National Association, as trustee and the Borrower.

“*Original Indenture*” means the Trust Indenture, dated as of March 1, 2006 and amended as of December 1, 2007 and as of May 1, 2008, between the Issuer and U.S. Bank National Association, as trustee.

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

- (a) Bonds cancelled or delivered for cancellation at or prior to such date;
- (b) Bonds deemed to be paid in accordance with the Indenture; and
- (c) Bonds in lieu of which others have been authenticated under the Indenture.

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

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

- (a) Government Obligations;
- (b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category;
- (c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision;
- (d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short-term obligations are rated in the Highest Rating Category;
- (e) Commercial paper rated in the Highest Rating Category;
- (f) Interest-bearing negotiable certificates of deposit, interest-bearing time deposits, interest-bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (i) the Qualified Financial Institution's unsecured short-term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully insured by the Federal Deposit Insurance Corporation;
- (g) an agreement held by the Trustee for the investment of moneys at a guaranteed rate with (i) the Credit Provider, or (ii) a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or Second Highest Rating Category; and provided further that such agreement includes the following restrictions:
 - (i) the invested funds will be available for withdrawal without penalty or premium, at any time that (A) the Trustee is required to pay moneys from the Fund(s) established under the Indenture to which the agreement is applicable or (B) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;
 - (ii) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks pari passu with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;
 - (iii) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and
 - (iv) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within 10 days, either: (A) collateralize the agreement (if

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

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

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

Permitted Investments will not include any of the following:

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

(ii) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation;

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

- (iv) Any interest-only or principal-only stripped security;
- (v) Any obligation bearing interest at an inverse floating rate;
- (vi) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity;
- (vii) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index;
- (viii) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment; and
- (ix) any investment to which S&P has added an “r” or “t” highlighter.

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

“*Pledge Agreement*” means that certain Pledge and Security Agreement executed by the Borrower in favor of the Credit Provider with respect to the Pledged Bonds.

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

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

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

“*Principal Amount*” means, with respect to the 2006A Bonds, \$116,000,000, with respect to the 2006A-T Bonds, \$9,000,000, and, with respect to the Series 2008 Bonds, \$10,000,000.

“*Principal Reserve Amount*” means 20% of the aggregate principal amount of the Bonds.

“*Principal Reserve Fund*” means the Principal Reserve Fund created by the Indenture.

“*Principal Reserve Schedule*” means the Schedule of Monthly Sinking Fund Payment Amounts required to be made in accordance with the Reimbursement Agreement, as such schedule may be amended, supplemented or restated from time to time.

“*Project Account*” means the Project Account of the Loan Fund.

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

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

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

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

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

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

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

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

“Regulatory Agreement” means, collectively, the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lots 2 and 3) and the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lot 5) relating to the Mortgaged Property, each dated as of July 1, 2008, among the Issuer, the Contra Costa County Redevelopment Agency, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Reimbursement Agreement” means the Reimbursement and Disbursement Agreement, entered into in connection with the occurrence of the Escrow Break Date, between the Borrower and the Credit

Provider, in its individual capacity and as representative of the co-lenders, as such agreement may be amended, modified, or restated from time to time, and, if an Alternate Credit Facility is in effect, any reimbursement agreement associated with such Alternate Credit Facility.

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

“Remarketing Agent” means Citigroup Global Markets Inc., or any successor as Remarketing Agent designated in accordance with the Indenture.

“Remarketing Agreement” means the Remarketing Agreement entered into in connection with the occurrence of the Escrow Break Date, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution thereof.

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

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

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

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

“Reset Rate” means the rate or rates of interest borne by the Bonds of a Series as determined in accordance with the Indenture.

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

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

“Second Highest Rating Category” means, with respect to an Investment, that the Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term “Second Highest Rating Category” means, with respect to an Investment, that the Investment is rated by S&P or Moody’s in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is “AA” for a term greater than one year, with corresponding ratings by Moody’s of “Aa.” If at any time (i) the Bonds are not rated, (ii) both S&P and Moody’s rate an

Investment and (iii) one of those ratings is below the Second Highest Rating Category, then such Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

"*Securities Depository*" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns, and any replacement securities depository appointed under the Indenture.

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

"*Security Instrument*" means, together, the First Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, together with all riders and exhibits, securing the Note and the obligations of the Borrower to the Issuer under the Bond Documents, as executed by the Borrower with respect to the Mortgaged Property, and the Second Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, together with all riders and exhibits, securing the obligations of the Borrower to the Credit Provider under the Credit Facility Documents, as executed by the Borrower with respect to the Mortgaged Property, as each may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

"*Series*" means the 2006A Bonds, the 2006A-T Bonds or the 2008 Bonds.

"*SIFMA Index Rate*" means the Securities Industry and Financial Markets Association Municipal Swap Index, announced by Municipal Market Data, a Thomson Financial Services Company, or its successors.

"*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 California.

"*Substitution Date*" means the date upon which an Alternate Credit Facility is to be substituted for the Credit Facility then in effect, which date must be (i) an Interest Payment Date during a Daily Variable Rate Period or Weekly Variable Rate Period or an Adjustment Date which immediately follows a Reset Period and (ii) a date on which the Credit Facility for which substitution is being made is available to be accessed or drawn upon. An extension of any Extension Date by reason of the extension of a Credit Facility is not a Substitution Date.

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

"*Tax Event*" has the meaning given to that term under the heading "Nondefault and Prohibition of Mandatory Redemption Upon Tax Event" below.

"*Tax-Exempt Bonds*" means, collectively, the 2006A Bonds and the 2008 Bonds.

"*Tender Agent*" means, initially, The Bank of New York Mellon Trust Company, N.A., or its successor as Tender Agent under the Indenture.

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

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

“*Tendered Bond*” means any Bond which has been tendered to the Tender Agent for purchase pursuant to the Indenture.

“*Third Party Fees*” has the meaning given to that term in the Indenture.

“*Transaction Documents*” means the Bond Documents, the Credit Facility Documents and the Loan Documents.

“*Trust Estate*” means the property, interests, rights, money, securities and other amounts pledged and assigned pursuant to the Indenture and the property, rights, money, securities and other amounts pledged and assigned by the Issuer to the Trustee.

“*Trustee*” means 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, or its successors or assigns, or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“*Trustee’s Annual Fee*” means the annual continuing trust administration fee as set forth in the Indenture payable by the Borrower as provided in the Financing Agreement.

“*2006 Underwriter*” means Newman & Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

“*2008 Underwriter*” means Citigroup Global Markets Inc.

“*Week*” means any seven day period during a Daily Variable Rate Period or Weekly Variable Rate Period beginning on Thursday and ending on and including the following Wednesday; except that:

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

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

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

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

(e) the first and last Weeks of a Daily Variable Rate Period or Weekly Variable Rate Period may consist of more (but not more than 13) or less than seven days.

“*Weekly Variable Rate*” means the variable rate of interest per annum for the Bonds of a Series determined from time to time during the Weekly Variable Rate Period in accordance with the Indenture.

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

“Wrongful Dishonor” means an uncured failure by the Credit Provider to pay a Draw to the Trustee upon proper presentation of documents which conform to the terms and conditions of the Credit Facility then in effect.

APPENDIX B
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Funds and Accounts

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

- (a) the Loan Fund and within the Loan Fund, the Project Account and Capitalized Moneys Account, and within each of the Project Account and the Capitalized Moneys Accounts, a 2006A Bonds subaccount, a 2006A-T Bonds subaccount and a 2008 Bonds subaccount;
- (b) the Revenue Fund and within the Revenue Fund, the Interest Account, the Credit Facility Account, the Redemption Account and the Fees Account;
- (c) the Costs of Issuance Fund;
- (d) the Rebate Fund;
- (e) so long as any Bonds are Outstanding and have not been adjusted to the Fixed Rate, the Bond Purchase Fund; and
- (f) the Principal Reserve Fund.

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

The Loan Fund

Disbursements From the Capitalized Moneys Account

Until the depletion of the Capitalized Moneys Account, the Trustee shall automatically transfer amounts on deposit in the Capitalized Moneys Account without the receipt of Requisitions as follows:

- (i) *Interest on the Note.* Not later than three Business Days prior to each Interest Payment Date, the Trustee shall transfer to the Interest Account an amount equal to the interest which shall be payable on such Interest Payment Date by the Borrower under the Note;
- (ii) *Facility Fee to the Credit Provider.* Not later than three Business Days prior to each Interest Payment Date, the Trustee shall transfer to the Interest Account an amount equal to the amount of the Facility Fee payable to the Credit Provider under the Reimbursement Agreement (or similar agreement if an Alternate Credit Facility is then in effect); and
- (iii) *Certain Other Fees.* Not later than three Business Days prior to the date on which any Third Party Fee is due, the Trustee shall transfer to the Fees Account, the amount of such Third Party Fee.

Transfers from the Capitalized Moneys Account shall, so long as the Letter of Credit is outstanding, be made no later than three Business Days prior to the respective dates on which such payments are due.

Transfers from the Capitalized Moneys Account shall be made from the subaccounts specified by the Borrower or, if no specification is made, on a pro rata basis.

Disbursements From the Project Account

On and after the Escrow Break Date, the Trustee shall disburse amounts on deposit in the Project Account as provided in this subsection for the sole purpose of paying Costs of the Project.

(i) *Requisitions.* The Trustee shall make disbursements from the Project Account only upon the receipt of Requisitions, each in the form of the attached Exhibit B, signed by an Authorized Borrower Representative and countersigned by an Authorized Credit Provider Representative. The Trustee shall not be responsible for the representations made in such Requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. The Trustee shall have no duty to determine whether any requested disbursement from the Project Account complies with the Credit Facility Documents. The countersignature of the Authorized Credit Provider Representative 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 Credit Facility Documents applicable to the disbursement have been fully satisfied or waived. The Trustee shall, immediately upon each receipt of a completed Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Credit Provider Representative, initiate procedures with the provider of the Investment Agreement applicable to the Loan Fund, if any, to make withdrawals under that Investment Agreement as necessary to fund the Requisition.

(ii) *Timing.* If a Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Credit Provider Representative is received by the Trustee by noon, prevailing California time, on any given Business Day, the Trustee shall pay the requested disbursement within two Business Days (for this purpose, including in the definition of "Business Day" only clauses (i) and (iii) of such definition), or, if an Investment Agreement is in effect with respect to such funds, within two Business Days after funds are received by the Trustee from the provider of the relevant Investment Agreement. If a Requisition signed by the Authorized Borrower Representative and countersigned by an Authorized Credit Provider Representative is received by the Trustee after noon, prevailing California time, on any given Business Day, the Trustee shall pay the requested disbursement within three of the above counted Business Days. Upon final disbursement of all amounts on deposit in the Loan Fund, the Trustee shall close the Loan Fund.

Transfers To Effect Certain Mandatory Redemptions of Bonds

(i) *Excess Loan Funds.* The Trustee shall transfer to the Redemption Account such amounts remaining on deposit in the Loan Fund, excluding from such transfer, however, any amount required to pay Costs of the Project which are then not yet due and payable or which are then being contested in good faith, as determined by the Credit Provider (so long as the Letter of Credit is in effect) or any Alternate Credit Provider (at such time as an Alternate Credit Facility is in effect). The Trustee shall apply any amounts so transferred to the redemption of Bonds pursuant to the Indenture.

(ii) *Certain Other Mandatory Redemptions.* Immediately prior to any mandatory redemption of the Bonds in whole pursuant to the Indenture, any amounts then remaining in the Loan Fund shall, at the written direction of the Credit Provider, be transferred to the Redemption Account to be applied to the redemption of Bonds pursuant to the applicable provision.

Revenue Fund—Interest Account

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

- (1) (i) moneys provided by or on behalf of the Borrower relating to an interest payment under the Note or an interest reimbursement under the Reimbursement Agreement;
- (2) moneys provided by or on behalf of the Borrower for the payment of the Facility Fee to the Credit Provider;
- (3) moneys transferred from the Capitalized Moneys Account pursuant to the Indenture whether to pay accrued interest on the Bonds, the Facility Fee to the Credit Provider or otherwise;
- (4) all Investment Income on the Funds and Accounts (except that Investment Income earned on amounts on deposit in the Loan Fund, Rebate Fund, Costs of Issuance Fund, and the Principal Reserve Fund shall be credited to and retained in those respective Funds or Accounts); and
- (5) any other moneys made available for deposit into the Interest Account from any other source, including, but not limited to, any excess amounts in the Bond Purchase Fund pursuant to the Indenture.

Disbursements From the Interest Account. The Trustee shall disburse or transfer, as applicable, moneys on deposit in the Interest Account at the following times and apply such moneys in the following manner and in the following order of priority:

- (1) On each (A) Interest Payment Date, (B) Redemption Date and (C) date of acceleration of the Bonds, the Trustee shall disburse to the Credit Provider the amount of any Draw, as applicable, under the Credit Facility relating to the payment of interest on the Bonds;
- (2) In the event of a Wrongful Dishonor until such Wrongful Dishonor is cured, the Trustee shall disburse to the Bondholders on each Interest Payment Date, an amount equal to the interest due on the Bonds on such date;
- (3) On each Interest Payment Date, to the Credit Provider the amount of its Facility Fee;
- (4) If the Credit Provider gives written notice to the Trustee at any time to the effect that there is any unreimbursed draw under the Credit Facility or any other amount required to be paid by the Borrower to the Credit Provider under the Loan Documents, the Bond Documents or the Credit Facility Documents remains unpaid, then the Trustee shall transfer any Investment Income earned on the Interest Account from and after the preceding Interest Payment Date to the Credit Provider but not in an amount which exceeds the amount stated as unpaid by the Credit Provider in its notice to the Trustee; and
- (5) Unless there is (A) a deficiency in the Principal Reserve Fund, the Fees Account or the Rebate Fund or (B) other than as described in paragraph (iii) above, an Event of Default under any Credit Facility Document or any Bond Document or a default under any Loan Document has occurred and is continuing, on each Interest Payment Date the Trustee shall disburse the Investment Income earned on or transferred to the Interest Account from and after the preceding Interest Payment Date to the Borrower. If a deficiency exists in the Principal Reserve Fund, the Fees Account or the Rebate Fund, such Investment Income shall be transferred to the Principal Reserve Fund, the Fees Account and/or the Rebate Fund, in that order of priority, prior to any payment to the Borrower.

The Revenue Fund—Redemption Account

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

- (i) Available Moneys provided by or on behalf of the Borrower to fund the premium payable on Bonds in connection with a redemption of such Bonds, which amounts shall be held in a segregated subaccount in the Redemption Account;
 - (ii) moneys transferred from the Loan Fund pursuant to the Indenture;
 - (iii) moneys provided by or on behalf of the Borrower relating to a principal payment, including any prepayment under the Note;
 - (iv) moneys transferred from the Principal Reserve Fund pursuant to the Indenture;
- and
- (v) any other amount received by the Trustee and required by the terms of the Indenture or the Financing Agreement to be deposited into the Redemption Account.

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

Revenue Fund—Fees Account

Deposits Into the Fees Account. The Trustee shall deposit into the Fees Account all:

- (i) Capitalized Moneys Account. Moneys transferred from the Capitalized Moneys Account pursuant to the Indenture;
- (ii) Third Party Fees. Payments made by or on behalf of the Borrower under the Financing Agreement attributable to the Third Party Fees; and
- (iii) Fees and Expenses. Payments made by or on behalf of the Borrower under the Financing Agreement attributable to the Fees and Expenses.

Disbursements From the Fees Account. On any date on which any amounts are required to pay any Third Party Fees or any Fees and Expenses, such amounts shall be withdrawn by the Trustee from the Fees Account for payment to the appropriate party. In the event the amount in the Fees Account is insufficient to pay such Third Party Fees or any Fees and Expenses, the Trustee shall make written demand on the Borrower for the amount of such insufficiency and, pursuant to the terms of the Financing Agreement, the Borrower shall be liable to promptly pay the amount of such insufficiency to the Trustee after the date of the Trustee's written demand. The Trustee will provide notice of the insufficiency to the Credit Provider.

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

Revenue Fund—Credit Facility Account

(a) **Deposits Into the Credit Facility Account.** The Trustee shall deposit into the Credit Facility Account all Draws under the Credit Facility, except that amounts drawn to purchase Pledged Bonds shall be deposited into the Bond Purchase Fund pursuant to the Indenture. No other moneys shall be deposited into the Credit Facility Account and the Credit Facility Account shall be maintained as a segregated account and moneys in it shall not be commingled with any other moneys held under the Indenture. The Credit Facility Account shall be closed at such time as the Credit Provider has no continuing liability under the Credit Facility.

(b) **Transfers From the Credit Facility Account.** The Trustee shall cause amounts deposited into the Credit Facility Account to be applied on the date payment is due to the payments for which the Draw was made pursuant to the Credit Facility. In no event shall amounts in the Credit Facility Account be applied to any premium that may be payable upon the redemption of any Bonds, the payment of principal of and interest, the purchase price and any premium on any Pledged Bonds or on any Bonds known by the Trustee to be held by the Borrower or any Affiliate of the Borrower. Any amounts remaining in the Credit Facility Account after making the payment for which the Draw was made pursuant to the Credit Facility shall be immediately refunded to the Credit Provider.

Costs of Issuance Fund

Deposits Into the Costs of Issuance Fund. On or before the Escrow Break Date the Borrower shall deliver the Costs of Issuance Deposit to the Trustee. On the Escrow Break Date the Trustee shall deposit or transfer, as applicable, the portion of the Costs of Issuance Deposit then remitted to the Trustee into the Costs of Issuance Fund to pay the costs incurred in connection with the remarketing of the 2006 Bonds and the issuance and sale of the 2008 Bonds on the Escrow Break Date.

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

Disposition of Remaining Amounts. Any moneys remaining in the Costs of Issuance Deposit Account of the Costs of Issuance Fund two months after the Escrow Break Date and not needed to pay still unpaid Costs of Issuance will be returned to the Borrower. Upon final disbursement, the Trustee shall close the Costs of Issuance Fund.

Rebate Fund

The Trustee shall hold and apply the Rebate Fund as provided in the Indenture. Within 30 days after the end of every fifth Bond Year (as defined in the Tax Certificate) for the 2006A Bonds or the 2008 Bonds, and within 55 days after the date on which no 2006A Bonds or no 2008 Bonds are Outstanding, the Borrower or the Trustee shall cause the Rebate Analyst to deliver to the Trustee and the Issuer a certificate stating whether any rebate payment is required to be made, as set forth in the Tax Certificate, and the Borrower shall deliver to the Trustee any amount so required to be paid.

The Trustee agrees to comply with all instructions given to it by the Borrower in accordance with this covenant. The Trustee shall conclusively be deemed to have complied with the provisions of the Indenture and the related provisions in the Tax Certificate if it follows the instructions of the Borrower and shall not be required to take any actions in the absence of instructions from the Borrower.

Bond Purchase Fund

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

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

(ii) Draws under the Credit Facility to enable the Trustee to pay the purchase price of Tendered Bonds to the extent that moneys obtained pursuant to paragraph (i) are insufficient on any date to pay the purchase price of Tendered Bonds, which amounts the Trustee shall transfer to the Tender Agent on or before 3:00 p.m. Eastern Time on each Tender Date.

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

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

Principal Reserve Fund

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

(i) All of the monthly payments of principal made by the Borrower in accordance with the Reimbursement Agreement, as such schedule of principal payments may be amended in accordance with the Reimbursement Agreement, upon delivery to the Issuer, the Trustee and the Credit Provider of an Opinion of Bond Counsel to the effect that such amendment will not, in and of itself, adversely affect the exclusion of the interest payable on the Tax-Exempt Bonds from gross income for federal income tax purposes; and

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

Disbursements From the Principal Reserve Fund. The Trustee shall pay or transfer amounts on deposit in the Principal Reserve Fund as follows:

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

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

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

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

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

(vi) during a Weekly Variable Rate Period or Daily Variable Rate Period, so long as any 2006A-T Bonds remain Outstanding, on the tenth Business Day prior to each Interest Payment Date, all or any part of the amounts on deposit in the Principal Reserve Fund in Authorized Denominations (rounded down to the nearest integral multiple of \$100,000) shall be transferred to the Redemption Account for the redemption of 2006A-T Bonds; and thereafter, on the tenth Business Day prior to each Interest Payment Date, all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest multiple of \$100,000) in excess of the Principal Reserve Amount, to the Redemption Account for the redemption of Tax-Exempt Bonds; and

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

Moneys to be Held in Trust

Except for (i) moneys deposited with or paid to the Trustee for the redemption of Bonds notice of the redemption of which has been duly given, and (ii) moneys on deposit in the Costs of Issuance Fund, the Rebate Fund and the Fees Account, all moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account will be held by the Trustee in trust and, while held by the Trustee, will constitute part of the Trust Estate and be subject to the security interest created by the Indenture.

Nonpresentation of Bonds

In the event any Bond is not presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient

to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for two years after such principal has become due and payable, such amounts will be paid to the Borrower. Upon such payment, all liability of the Issuer and the Trustee to the holder of any Bond for the payment of such Bond will cease and be completely discharged. The cost of such publication will be paid from the unclaimed amount held by the Trustee. The obligation of the Trustee under this section to pay any such amounts to the Borrower will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

Investments

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

Limitations on Liability

Notwithstanding any other provision of the Indenture to the contrary:

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

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

(c) the Bonds are not and will not be a debt of the State, the Issuer or any other political subdivision of the State, and none of the State, the Issuer or any other political subdivision of the State will be liable for the payment of the Bonds;

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

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

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

(g) neither the members of the Board of Supervisors of the Issuer nor any person executing the Bonds will be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Defeasance

Provision for Payment of Bonds. Any Bond will be deemed to have been paid within the meaning of the Indenture if each of the following conditions is satisfied:

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

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

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

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

(e) the Bonds will be redeemed on the earliest possible redemption or tender date.

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

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

Acceptance of the Credit Facility

The Trustee shall hold the Credit Facility and shall enforce in its name all rights of the Trustee and all obligations of the Credit Provider under the Credit Facility for the benefit of the Bondholders. The Trustee shall not assign or transfer the Credit Facility except (i) to a successor Trustee under the Indenture, (ii) to the Credit Provider upon expiration or other termination of the Credit Facility in accordance with its terms, including expiration on its stated expiration date or (iii) upon payment under the Credit Facility of the full amount payable under the Credit Facility.

Draws Under Credit Facility

The Trustee shall draw on the Letter of Credit, or, if an Alternate Credit Facility is in effect, draw on the Alternate Credit Facility, in each case for the payment of principal of and interest due on any Bond and the purchase price of any Bond to the extent required by the Indenture (deducting from the amount drawn only for amounts on deposit in the Bond Purchase Fund at the time the Trustee submits the draw request) and in accordance with the terms of the Credit Facility then in effect, and cause the proceeds of each Draw to be applied so that full and timely payments are made on each date on which payment of principal, interest or purchase price is due on any Bond. The Trustee shall not request, and shall not apply the proceeds of, any Draw to pay (i) principal of, interest on, or the purchase price of, any Pledged Bond or any Bond known by the Trustee to be held by the Borrower or any Affiliate of the Borrower, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bonds. Prior to making a Draw to pay principal of or interest on the Bonds on an Interest Payment Date, the Trustee shall determine the amount necessary to make such payment of principal or interest. Notwithstanding any other provision of the Indenture to the contrary, so long as a Credit Facility is in effect (i) interest payable to the Bondholders on each Interest Payment Date, and principal payable to the Bondholders on any date on which principal is payable to the Bondholders, whether by reason of redemption, upon maturity, acceleration, or otherwise, shall be paid from the proceeds of the Credit Facility deposited into the Credit Facility Account, prior to the use of any other moneys, and all amounts held by the Trustee under the Indenture derived from payments made by the Borrower under the Note shall, on the date on which the Trustee receives payment under the Credit Facility, as the case may be, be paid to the Credit Provider on such date in reimbursement of the amounts so paid and (ii) premium payable upon any optional redemption of Bonds shall be paid with Available Moneys, provided that in no event shall amounts be paid under the Credit Facility to pay the premium on any Bond or principal, interest, premium or any other amount in respect of any Pledged Bond or any Bond known by the Trustee to be held by the Borrower or any Affiliate of the Borrower.

Return of Payments Under the Credit Facility

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

Alternate Credit Facility

Subject to the terms of the Credit Facility Documents, the Trustee shall accept any Alternate Credit Facility delivered to the Trustee in substitution for the Credit Facility then in effect if:

- (a) the Alternate Credit Facility meets the requirements of the Indenture;
- (b) the Substitution Date for the Alternate Credit Facility is an Interest Payment Date during a Weekly Variable Rate Period, or a Daily Variable Rate Period, or an Adjustment Date which immediately follows a Reset Period;

(c) the Alternate Credit Facility is effective on and from the Substitution Date for such Alternate Credit Facility; and

(d) the Trustee receives on or prior to the effective date of the Alternate Credit Facility (i) an Opinion of Counsel to the Credit Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility and its enforceability and (ii) an opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Tax-Exempt Bonds.

The Trustee shall give notice to the Bondholders by first class mail, postage prepaid, of the substitution by such Alternate Credit Facility for the Credit Facility then in effect as provided in the Indenture. On the Substitution Date, the Trustee shall, if necessary, draw on or request an Advance on the Credit Facility being replaced and shall not surrender such Credit Facility until all requests thereon have been honored.

Any provider of an Alternate Credit Facility shall have the rights and obligations of the Credit Provider in the event an Alternate Credit Facility is delivered to the Trustee that meets the requirements of the Indenture.

Extension of Credit Facility

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

Limitations on Rights of Credit Provider

Notwithstanding anything contained in the Indenture to the contrary, all provisions in the Indenture regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if the Credit Provider were not mentioned in such provisions (i) if a Wrongful Dishonor has occurred and is continuing or (ii) after the Credit Facility ceases to be valid and binding on the Credit Provider for any reason excluding those circumstances where all drawings have been made under the Credit Facility and unreimbursed obligations with respect to such drawings are owed by the Borrower under the Reimbursement Agreement; provided, however, that the Credit Provider's right to notices and (subject to the limitations below) the payment of amounts due to the Credit Provider shall continue in full force and effect. In addition, if a Wrongful Dishonor has occurred and is continuing or after the Credit Facility ceases to be valid and binding on the Credit Provider for any reason excluding those circumstances where all drawings have been made under the Credit Facility and unreimbursed obligations with respect to such drawings are owed by the Borrower under the Reimbursement Agreement, the security interest and related rights of the Credit Provider in the Trust

Estate shall be junior and subordinate to the rights of the Bondholders. The foregoing shall not affect any other rights of the Credit Provider.

References to Credit Provider When No Credit Facility Is In Effect

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

Certain Notices to the Credit Provider

The Trustee and Issuer shall promptly notify the Credit Provider of any of the following as to which it has actual knowledge: (i) the occurrence of any Event of Default under the Indenture or under any of the other Transaction Documents, or any event which, with the passage of time or service of notice, or both, would constitute such an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect to such event, (ii) an Act of Bankruptcy or a bankruptcy filing by or against the Borrower and (iii) the making of any claim in connection with seeking the avoidance as a preferential transfer ("Preference Claim") of any payment of principal of, or interest on, the Loan.

Credit Provider To Control Insolvency Proceedings

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

Terms and Conditions of the Initial Letter of Credit

(a) *Delivery.* Following the delivery on the Escrow Break Date of the Letter of Credit by the Credit Provider to, and in favor of, the Trustee, for the benefit of the Bondholders, the Letter of Credit shall secure the Bonds in accordance with its terms so long as the Mode in effect for the Bonds is the Weekly Variable Rate or Daily Variable Rate.

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

(c) *Notice.* The Trustee shall advise the Borrower by telecopy or telex on the date of each Draw on the Letter of Credit of the amount and date of such Draw and of the reason for such Draw.

(d) *Extension.* For any extension of the term of the Letter of Credit, the Trustee shall, at the direction of an Authorized Credit Provider Representative, but only if required to evidence an extension of the term of the Letter of Credit, surrender the Letter of Credit to the Credit Provider in exchange for a new letter of credit or the Letter of Credit with notations on it, as the Credit Provider may so elect, conforming in all material respects to the Letter of Credit, but with the extended expiration date. Any such extension shall be for a period of at least three months or, if less, until the fifteenth day following the maturity date of the Bonds.

(e) *Pledged Bonds and Bonds Held by Borrower.* No draws shall be made by the Trustee under the Letter of Credit for payment of any Pledged Bond or Bond known by the Trustee to be held by the Borrower or any Affiliate of the Borrower.

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

(g) *Beneficiary of Letter of Credit.* The Trustee shall have the obligation to hold and maintain the Letter of Credit for the benefit of the Owners of the Bonds until the Letter of Credit terminates or expires in accordance with its terms.

(h) *Surrender of Letter of Credit.* When the Letter of Credit terminates or expires in accordance with its terms, the Trustee shall immediately surrender it to the Credit Provider. The Trustee agrees that, except in the case of a redemption of Bonds in part or any other reduction in the principal amount of Bonds Outstanding, it will not under any circumstances request that the Credit Provider reduce the amount of the Letter of Credit. If at any time all Bonds shall cease to be Outstanding, the Trustee shall surrender the Letter of Credit to the Credit Provider in accordance with its terms.

Defaults and Remedies

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

(i) default in the payment when due and payable of any interest due on any Bond (other than a Pledged Bond) or, unless the Credit Provider specifies otherwise by written notice to the Trustee, on any Bond purchased in lieu of redemption by the Credit Provider pursuant to the Indenture;

(ii) default in the payment when due and payable of (A) the principal of or any redemption premium on any Bond (other than a Pledged Bond) or, unless the Credit Provider specifies otherwise by written notice to the Trustee, Bond purchased in lieu of redemption by the Credit Provider pursuant to the Indenture at maturity or upon any redemption or (B) the purchase price of any Tendered Bond (other than a Pledged Bond);

(iii) written notice to the Trustee from the Credit Provider of a default by the Issuer in the observance or performance of any covenant, agreement, warranty or representation on the part of the Issuer included in the Indenture or in the Bonds (other than an Event of Default set forth in subsection (i) or (ii) above) and the continuance of such default for a period of 30 days (or such longer period as is consented to in writing by the Credit Provider) after the Trustee receives such notice;

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

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

(vi) a Wrongful Dishonor.

Nondefault and Prohibition of Mandatory Redemption Upon Tax Event. The occurrence of any event (a "Tax Event") which results in the interest payable on the Tax-Exempt Bonds being includable, for federal income tax purposes, in the gross income of the Bondholders, including any violation of any provision of the Regulatory Agreement or any of the other Bond Documents, will not (a) directly or indirectly constitute an Event of Default under the Indenture or permit any party (other than the Credit Provider) to accelerate, or require acceleration of, the Loan or the Bonds, or (b) give rise to a mandatory redemption of the Bonds, or (c) give rise to the payment to the Bondholders of any amount, denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages," "damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the Tax Event. Promptly upon determining that a Tax Event has occurred, the Issuer or the Trustee, by notice in writing to the Credit Provider, all Registered Owners of the Bonds and the Remarketing Agent, will state that a Tax Event has occurred and whether the Tax Event is cured, curable within a reasonable period or incurable. Notwithstanding the availability of the remedy of specific performance to cure a Tax Event that is curable within a reasonable period, neither the Issuer nor the Trustee will have, upon the occurrence of a Tax Event, any right or obligation to cause or direct acceleration of the Bonds or the Loan, to enforce the Note or to foreclose the Security Instrument, to accept a deed to the Project in lieu of foreclosure, or to effect any other comparable conversion of the Project.

Acceleration, Redemption and Mandatory Tender. The Bonds shall be subject to acceleration, redemption and mandatory tender as set out in this Section.

(a) *Acceleration.* Upon:

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

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

(b) *Redemption and Mandatory Tender.* Upon the occurrence of an Event of Default as defined under paragraph (iv) under "Events of Default" above:

(i) if the Credit Provider so directs, the Bonds shall be redeemed in whole or in part in the amount specified by and at the direction of the Credit Provider.

(ii) if the Credit Provider so directs, the Bonds shall be subject to mandatory tender.

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

(c) *Notice.*

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

(ii) Redemption. Upon the direction of the Credit Provider to redeem the Bonds in whole or in part, immediate notice of redemption will be given.

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

(d) *Payment Under Credit Facility.* Immediately upon acceleration of the Bonds, the Trustee shall draw on the Letter of Credit, or Draw on the Alternate Credit Facility then in effect, as applicable, in accordance with its terms.

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

Other Remedies. Upon the occurrence and continuance of an Event of Default, the Trustee may, with or without taking action to accelerate the Bonds, pursue any of the following remedies:

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

(b) the liquidation of the Trust Estate; or

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

Remedies Not Exclusive. No right or remedy conferred upon or reserved to the Trustee (or to the Bondholders) by the Indenture is intended to be exclusive of any other right or remedy, but each and every such right and remedy will be cumulative and will be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture or under the Financing Agreement or the Regulatory Agreement or now or later existing at law or in equity. No delay or omission to exercise any right or remedy provided in the Indenture will impair any such right or remedy or be construed to be a waiver of any Event of Default or acquiescence in it. Every such right and remedy may be exercised from time to time as often as may be deemed expedient.

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

(a) unless waiver is directed by the Credit Provider, the Credit Provider must consent to such waiver in writing;

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

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

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

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

Limitations on Bondholders' Rights. No Bondholder has or will have the right to enforce the provisions of the Indenture or the Financing Agreement, or to institute any proceeding in equity or at law for the enforcement of the Indenture or the Financing Agreement, or to take any action with respect to an Event of Default under the Indenture or an Event of Default under the Financing Agreement, or to institute, appear in or defend any suit or other proceeding with respect to the Indenture or the Financing Agreement upon an Event of Default unless (a) such Bondholder has given the Trustee, the Issuer, the

Credit Provider and the Borrower written notice of the Event of Default, (c) the holders of not less than 51% in aggregate principal amount of Bonds then Outstanding have requested the Trustee in writing to institute such proceeding, (d) the Trustee has been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, (e) the Trustee has been offered reasonable indemnity, where required, and (f) the Trustee has thereafter failed or refused to exercise such powers or to institute such proceeding within a reasonable period of time. No Bondholder has or will have any right in any manner whatever to affect, disturb or prejudice the pledge of revenues or of any other moneys, Funds, Accounts or securities under the Indenture.

Application of Moneys. All moneys received by the Trustee pursuant to any action taken under the Indenture will be deposited into the Interest Account and the Redemption Account, as applicable, after payment of the reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture. The balance of such moneys, less such amounts as the Trustee determines may be needed for possible use in paying future fees and expenses and for the preservation and management of the Project, will be applied as set out in the following subsections.

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

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

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

THIRD – to the payment of any other amounts owed to the Credit Provider under the Credit Facility Documents and the Loan Documents..

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

Trustee

Standard of Care. The Trustee, during the existence and continuation of any Event of Default under the Indenture, shall exercise such of the rights vested in it by the Indenture, the Financing Agreement and the Regulatory Agreement, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs. The foregoing will not limit the Trustee's obligations under the Indenture.

Resignation of Trustee. The Trustee may resign only upon giving 60 days' prior written notice to the Issuer, the Credit Provider, the Borrower and each Registered Owner of Bonds then Outstanding as shown on the Bond Register. Notwithstanding such notice, such resignation will take effect only upon the appointment of a successor Trustee in accordance with the Indenture and the acceptance of such appointment by such successor Trustee.

Removal of Trustee. The Trustee may be removed at any time, upon 30 days' prior written notice to the Trustee (i) by the Issuer, with prior written consent of the Credit Provider, (ii) by the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, which written instrument will designate a successor Trustee approved by the Credit Provider, or (iii) by the Credit Provider. Such removal will not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment.

Appointment of Successor Trustee. Upon the resignation or removal of the Trustee, a successor Trustee, satisfying the requirements of the Indenture, will be appointed by the Issuer with the prior written consent of the Borrower (if the Borrower is not then in default under any Bond Document or any Loan Document and if no event which, with notice or the passage of time or both, would constitute such a default has occurred and is continuing) and with the prior written consent of the Credit Provider (unless appointed by the Bondholders as provided in the Indenture), provided, however, that if such consent or other correspondence with respect thereto is not received by the Issuer within 15 Business Days after receipt by the Credit Provider of written notice of the proposed successor Trustee, such consent will be deemed to have been given. If, in the case of resignation or removal of the Trustee, no successor is appointed within 30 days after the notice of resignation or within 30 days after removal, as the case may be, then, in the case of a resignation, the resigning Trustee will appoint a successor with the prior written consent of the Issuer and the Credit Provider or apply to a court of competent jurisdiction for the appointment of a successor Trustee, and, in the case of a removal, the Credit Provider will have the right to appoint a successor Trustee or to apply to a court of competent jurisdiction for the appointment of a successor Trustee. The successor Trustee must accept in writing its duties and responsibilities under the Indenture, the Financing Agreement, the Assignment and the Regulatory Agreement. The successor Trustee will give notice of such succession by first-class mail, postage prepaid, to each Bondholder, the Issuer, the Credit Provider and the Borrower.

Supplemental Indenture; Amendments

Supplemental Indenture Not Requiring Bondholder Consent: The Issuer and the Trustee, without the consent of or notice to any Bondholder, may enter into an Indenture or Indenture supplemental to the Indenture for one or more of the purposes set forth below:

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

(b) to amend, modify or supplement the Indenture in any respect if such amendment, modification or supplement is not materially adverse to the interests of the Bondholders;

(c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute

then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

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

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

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

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

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

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

Supplemental Indenture Requiring Bondholder Consent. The Issuer and the Trustee may, with the consent of Bondholders owning not less than 51% in aggregate principal amount of Bonds then Outstanding, from time to time, execute Indenture supplemental to the Indenture for the purpose of modifying or amending any of the provisions contained in the Indenture or in any supplemental Indenture, provided that nothing in this paragraph will permit, or be construed as permitting:

(a) an extension of the maturity of the principal of or interest on, or the mandatory redemption date of, any Bond, without the consent of the owner of such Bond;

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

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

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

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

(f) a transfer, assignment or release of the Credit Facility, other than is permitted by the Indenture or the Credit Facility, without the consent of the Owners of all the Bonds then Outstanding.

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

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

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

No Bondholder Consent Required for Amendment to Loan Documents. No consent of the Bondholders is required to amend the Loan Documents.

Required Approvals. Anything in the Indenture to the contrary notwithstanding, a supplement or amendment or other document described under the Indenture which materially and adversely affects any rights or obligations of the Borrower will not become effective unless and until the Borrower has consented in writing to the execution of such supplemental Indenture, amendment or other document. The Trustee will not be required to enter into any supplement or amendment which adversely affects the Trustee's rights and duties under the Indenture.

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

APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

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

The Loan

The Issuer has issued the Bonds in the aggregate principal amount of \$135,000,000. The Issuer agrees, to make the Loan in the amount of \$135,000,000 to the Borrower with the Net Bond Proceeds. Upon satisfaction of the Escrow Break Requirements and the issuance of the 2008 Bonds on the Escrow Break Date, the Issuer will deliver the Net Bond Proceeds to the Trustee. The Loan shall be deemed made in full on the Escrow Break Date. The Borrower accepts the Loan from the Issuer upon the terms and conditions set forth in the Financing Agreement and the Loan Documents, subject to the Indenture, the Regulatory Agreement and the Assignment. Disbursements will be made from the Loan Fund as provided in the Indenture. The Borrower agrees to apply the proceeds of the Loan to pay costs of the construction and development of the Mortgaged Property.

The Loan shall be evidenced by, payable in accordance with, and bear interest at the rates and on the terms provided in, the Note and secured by the Security Instrument.

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

Agreement of Borrower To Acquire/Construct/Equip the Project

The Borrower shall comply with the terms of the Disposition and Development Agreement and shall proceed with reasonable dispatch to complete the acquisition, construction and equipping of the Project. If amounts on deposit in the Loan Fund are not sufficient to pay the costs of completion, the Borrower shall pay such costs or cause the same to be paid from other sources. By reason of any such payment of costs relating to the Project from sources other than the Loan Fund, the Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee, the Credit Provider, the Loan Servicer or the holders of the Bonds in respect of such payment or to any diminution or abatement in the repayment of the Loan. Neither the Issuer nor the Credit Provider shall be liable to the Borrower; the holders of the Bonds or any other person if for any reason the Project is not completed or if the proceeds of the Loan are insufficient to pay all costs of the Project.

THE ISSUER DOES NOT MAKE ANY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT MONEYS, IF ANY, WHICH WILL BE PAID INTO THE LOAN FUND OR OTHERWISE MADE AVAILABLE TO THE BORROWER WILL BE SUFFICIENT TO COMPLETE THE PROJECT, AND THE ISSUER SHALL NOT BE LIABLE TO THE BORROWER, THE BONDHOLDERS OR ANY OTHER PERSON IF FOR ANY REASON THE PROJECT IS NOT COMPLETED.

Payment of Fees, Costs and Expenses

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

(a) *Costs of Issuance.* The Borrower shall direct the Trustee to pay the Costs of Issuance from the Costs of Issuance Fund on the Escrow Break Date.

(b) *Third Party Fees.* The Borrower shall pay the Third Party Fees to the Trustee in sufficient time to allow the Trustee to pay such Third Party Fees when due. The Third Party Fees are as follows:

(i) Issuer. The Issuer's Fee.

(ii) Trustee. The Trustee's Annual Fee.

(iii) Tender Agent. The Tender Agent's Annual Fee is the annual continuing fee of the Tender Agent, if any.

(iv) Remarketing Agent. The continuing fee of the Remarketing Agent for its remarketing services.

(v) Rebate Analyst. The Rebate Analyst's Fee.

(c) *Fees and Expenses.*

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

(ii) Extraordinary Items. The Extraordinary Items.

(iii) Certain Advances, Expenses and Other Items. All advances, out-of-pocket expenses, costs and other charges of each of the Issuer, the Rebate Analyst, the Remarketing Agent, the Tender Agent and the Trustee incurred from time to time, but only to the extent that any such amounts are payable by the Borrower pursuant to an agreement between the Borrower and such Person regarding its services in connection with the Bonds or the Loan.

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

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

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

Certain Payments

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

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

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

Principal Reserve Fund. The Borrower shall make payments for deposit by the Trustee into the Principal Reserve Fund on the dates and in the amounts required by the Reimbursement Agreement. Amounts on deposit in the Principal Reserve Fund shall be applied as provided in the Indenture.

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

Indemnification

The Borrower releases the Issuer, the Trustee, the Tender Agent and their respective officers, directors, agents, officials, employees (and, as to the Issuer, members of its governing body) and any Person who controls the Issuer, the Trustee or the Tender Agent within the meaning of the Securities Act of 1933 from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Tender Agent and their respective officers, directors, employees, agents, members of its governing body, officials and any Person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an "Indemnified Party") from and against, any and all losses, claims, damages, liabilities and expenses (including attorneys' fees and expenses), taxes, causes of action, suits and judgments of any nature, joint or several, by or on behalf of any Person arising out of:

- (a) the approval of financing for the Mortgaged Property or the making of the Loan;
- (b) the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person other than the party seeking indemnification in connection therewith, including, but not limited to, any (i) statement or information made by the Borrower with respect to the Borrower or the Mortgaged Property in any offering document or materials regarding the Bonds, the Mortgaged Property or the Borrower or in the Tax Certificate of the Borrower or in any other certificate executed by the Borrower which, at the time made, is misleading, untrue or incorrect in any material respect, (ii) untrue statement or alleged untrue statement of a material fact relating to the Borrower or the Mortgaged Property contained in any offering material relating to the sale of the Bonds, as from time to time amended or supplemented, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to the Borrower or the Mortgaged Property required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, (iii) failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bonds could be sold;
- (c) the interpretation, performance, enforcement, breach, default or amendment of the Bond Documents, the Loan Documents or any other documents relating to the Mortgaged Property or the Bonds or in connection with any federal or state tax audit or any questions or other matters arising under such documents;
- (d) the Borrower's failure to comply with any requirement of the Financing Agreement, the Regulatory Agreement, the Ground Sub-lease or the Disposition and Development Agreement;

(e) the condition of the Mortgaged Property (environmental or otherwise), including any violation of any law, ordinance, court order or regulation affecting the Mortgaged Property or any part of it, provided such condition or violation results from events arising during the period in which the Borrower occupies or possesses the Mortgaged Property pursuant to the Ground Sub-lease;

(f) during the period in which the Borrower occupies or possesses the Mortgaged Property pursuant to the Ground Sub-lease, 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 Mortgaged Property 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 Mortgaged Property, or resulting from the acquisition, construction, design, rehabilitation, repair, operation, use or management of all or any part of the Mortgaged Property;

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

(h) solely with respect to the Trustee and with respect to the County in its capacity as the issuer of the Bonds, to the extent not mentioned in any of the preceding subsections, any cause whatsoever in connection with transactions provided for in the Financing Agreement and the other Transaction Documents or otherwise in connection with the Mortgaged Property, the Bonds or the execution or amendment of any document relating to the Bonds or the Mortgaged Property.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Trustee or any of the Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Person, and (ii) in the case of the foregoing indemnification of the Issuer or any of the Indemnified Parties, to the extent such damages are caused by the willful misconduct of such Person.

Obligations of Borrower Unconditional

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

Personal Liability of Borrower

Except as provided in the last sentence of this paragraph, the obligations of the Borrower under the Financing Agreement and the obligations of the Borrower under the Regulatory Agreement to pay money, including the obligations of the Borrower with respect to the Reserved Rights, shall be (i) general obligations of the Borrower with recourse to the Borrower personally, and (ii) subordinate and junior in priority, right of payment and all other respects to any and all obligations of the Borrower under the Loan Documents and to the Credit Provider under or in respect of the Credit Facility Documents. Nothing in this paragraph shall impose personal liability upon Borrower for payments due on the Bonds or any obligations of the Borrower under any of the Loan Documents (excluding the Second Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, executed and delivered by the Borrower for the benefit of the Credit Provider).

Obligations Unsecured

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

Certain Obligations Personal to the Borrower

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

Events of Default

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

1. The Borrower fails to pay when due any amount payable by the Borrower under the Financing Agreement.
2. The Borrower fails to observe or perform any covenant or obligation in the Financing Agreement on its part to be observed or performed for a period of 30 days after receipt of written notice from the Trustee specifying such failure and requesting that it be remedied; provided, however, that if the failure cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the validity or enforceability of the Bonds or on the exclusion from gross income, for federal income tax purposes, of the interest on the Tax-Exempt Bonds, and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; and provided further that any such failure is cured within 90 days of receipt of notice of such failure; provided further, failure by the Borrower to comply with the requirements of Section 8 of the Regulatory Agreement shall not in and of itself, constitute an Event of Default under this Agreement.
3. The Credit Provider provides written notice to the Trustee of an Event of Default under the Financing Agreement by reason of the occurrence of an Event of Default under the Reimbursement Agreement. No Event of Default under the Reimbursement Agreement shall constitute a default under

the Financing Agreement unless specifically declared to be so by the Credit Provider. The Credit Provider shall make such declaration by written notice to the Trustee.

Remedies Upon an Event of Default

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

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

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

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

No Levy or Other Execution Against Project

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

Amendment

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

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

On the Escrow Break Date, the Borrower is entering into an Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lot 5), dated as of July 1, 2008 (the "Lot 5 Regulatory Agreement"), among the Borrower, the Issuer, the Contra Costa County Redevelopment Agency (the "Agency") and the Trustee with respect to 33 units in the Mortgaged Property and an Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lots 2 and 3), dated as of July 1, 2008 (the "Lot 2 and 3 Regulatory Agreement" and collectively with the Lot 5 Regulatory Agreement, the "Regulatory Agreements"), among the Borrower, the Issuer, the Agency and the Trustee with respect to the other 389 units in the Mortgaged Property. Apart from applying to separate portions of the Mortgaged Property, the Regulatory Agreements are identical. Therefore this Appendix only summarizes one of the Regulatory Agreements.

Definitions

The following are definitions set forth in the Regulatory Agreement and used in the Official Statement:

"Affordable Rents" means the lesser of (a) thirty percent (30%) of an amount equal to fifty percent (50%) of the median Gross Income for the Area or (b) thirty (30%) of an amount equal to Median Income (as defined in the Regulatory Agreement) for the County of Contra Costa adjusted for family size.

"Agency Assistance Agreement" means the Agency Assistance Agreement, dated December 19, 2005 as amended on February 25, 2008, between the Agency and the Owner.

"Agency Conditions" has the meaning given to that term in Section 8.

"Agency Loan" means the loan from the Agency to the Owner in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000). The Agency Loan is made pursuant to the Agency Assistance Agreement.

"Area" means the Oakland-Fremont, CA HUD Metro FMR Area.

"California Redevelopment Law" means California Health and Safety Code Sections 33000 et seq.

"CDLAC" means the California Debt Limit Allocation Committee or its successors.

"Housing Act" means the United States Housing Act of 1937, as amended, or its successor.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of July 1, 2008, among the Issuer, the Agency, the Trustee and the Credit Provider, and acknowledged and agreed to by the Owner, as it may be amended, supplemented or restated from time to time, and any similar agreement executed and delivered in connection with the delivery of an Alternate Credit Facility.

"Project" means the 389-unit (In the case of the Lots 2 and 3 Regulatory Agreement) or the 33-unit (in the case of the Lot 5 Regulatory Agreement) multifamily rental housing development, located on the leasehold interest in the real property site described in Exhibit A to the Regulatory Agreement, consisting of those facilities, including real property, structures,

buildings, fixtures or equipment situated thereon, as it may at any time exist, the construction of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Owner pursuant to the Financing Agreement, and the Agency Loan and other payments made pursuant to the Agency Assistance Agreement.

“Qualified Project Period” means the period beginning on the later of the Closing Date or the first day on which at least 10% of the units in the Project are first occupied and ending on the later of the following:

(A) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding;

(C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or

(D) Fifty-Five (55) years from the first day on which at least 10% of the units in the Project are first occupied.

“Very Low Income Tenant” means, (1) a household with an income that does not exceed the qualifying limits for very low income households adjusted for actual household size, as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by the State of California Department of Housing and Community Development, and (2) a tenant whose Gross Income does not exceed the limits for very low income households, except that the percentage of median gross income that qualifies as very low income shall be fifty percent (50%) of median gross in the Area adjusted for household size, as established and amended by HUD from time to time pursuant to Section 8 of the United States Housing Act of 1937, and as published by the State of California Department of Housing and Community Development. If all the occupants of a unit are students (as defined under Section 151 (c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a tenant’s status as a Very Low Income Tenant shall be made by the Owner upon initial occupancy of a unit in the Project by such Tenant, on the basis of an Income Certification executed by the Tenant. In the event the federal income standards are discontinued, the Issuer and the Agency shall provide the Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously established by HUD and published by the State.

“Very Low Income Units” means the units in the Project required to be rented, or held available for occupancy by, Very Low Income Tenants pursuant to the Regulatory Agreement.

Qualified Residential Rental Project

The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of the Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be constructed and operated for the purpose of providing multifamily residential rental property. The Owner will own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than thirty (30) consecutive days (apart from a month to month lease in months with less than 30 days), or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of the Regulatory Agreement.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units in the Project (except for not more than two (2) units set aside for resident manager or other administrative use) will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent provided in the Regulatory Agreement, as described in paragraph (i) under the heading "Requirements of the Agency" below and except to the extent that dwelling units are required to be leased or rented to Very Low Income Tenants:

(f) The Project consists of a leasehold interest in a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that this provision shall not be construed to prohibit occupancy of not more than two (2) dwelling units by two (2) resident managers or maintenance personnel any of whom may be the Owner.

(h) The Owner shall deliver to the Agency, the Administrator and the Trustee, (i) within 30 days after the date on which 10% of the dwelling units in the Project are occupied, a written notice specifying such date, and (ii) within 30 days after the date on which 50% of the dwelling units in the Project are occupied, a written notice specifying such date.

Very Low Income Tenants; Reporting Requirements

Pursuant to the requirements of the Code, the Owner hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, not less than twenty percent (20%) of the total number of completed units in the Project shall at all times be rented to and occupied by Very Low Income Tenants. For the purposes of this paragraph (a), a vacant unit that was most recently occupied by a Very Low Income Tenant is treated as rented and occupied by a Very Low Income Tenant until reoccupied, other than for a temporary period of not more than thirty one (31) days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Very Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Very Low Income Tenants. However, should a Very Low Income Tenant's Gross Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Very Low Income Tenant of the same household size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. Until such next available unit is rented, the former Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Very Low Income Tenant for purposes of the twenty percent (20%) requirement of the Regulatory Agreement.

(c) For the Qualified Project Period, the Owner will obtain, complete and maintain on file Income Certifications for each Very Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Very Low Income Tenant in the Project, and (ii) thereafter, an annual Income Certification with respect to each Very Low Income Tenant. The Owner will provide such additional information as may be required in the future by the Code, the State, the Issuer or the Agency, as the same may be amended from time to time or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Very Low Income Tenants commencing or continuing occupation of a Very Low Income Unit shall be attached to each report to be filed with the Issuer pursuant to paragraph (e) above.

(d) The Owner shall verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer and the Agency.

(e) The Owner will maintain complete and accurate records pertaining to the Very Low Income Units, and, upon reasonable notice and during normal business hours, will permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units.

(f) The Owner will prepare and submit to the Administrator, on behalf of the Issuer, at the end of each calendar quarter, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Owner. Each year during the Qualified Project Period, the Owner will submit to the Issuer, the Administrator (if other than the Issuer) and the Trustee, a draft of the completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, not less than two weeks prior to the date such form shall be submitted to the

Secretary of the Treasury. The Owner shall provide the Issuer and the Trustee with evidence of the filing of such annual Certification with the Secretary of the Treasury.

(g) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to the Regulatory Agreement and the Security Instrument. All leases pertaining to Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Very Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Trustee, the Agency, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the Verification of Income and supporting information supplied by the Very Low Income Tenant in determining qualification for occupancy of the Very Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with the Regulatory Agreement and that if upon any such certification such tenant's Gross Income exceeds the applicable income limit under the Regulatory Agreement, such tenant may cease to qualify as a Very Low Income Tenant and such tenant's rent may be subject to increase.

No unit occupied by a residential manager shall be treated as a rental unit during the time of such occupation.

Additional Requirements of the Act

In addition to the requirements set forth above, the Owner hereby agrees that it shall comply with each of the requirements of Section 52080 of the Act, including (but not limited to) the following:

(a) Not less than twenty percent (20%) of the total number of units in the Project shall be occupied by Very Low Income Tenants. The units made available to meet this requirement shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The rental payments for the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed thirty percent (30%) of an amount equal to fifty percent (50%) of the median adjusted gross income for the Area.

(c) The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Owner shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by the provisions described in subsection (a) above shall remain available on a priority basis for occupancy by Very Low Income Tenants at all times during the Qualified Project Period.

(e) During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available to eligible households Very Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection (a) above shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined under the provisions described in subsection (b) above, until the earliest of (1) the household's income exceeds one hundred forty percent (140%) of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Act), (3) thirty (30) years after the date of the commencement of the Qualified Project Period, or (4) the Owner pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(g) Except as set forth in the Regulatory Agreement, the covenants and conditions of the Regulatory Agreement shall be binding upon successors in interest of the Owner.

The Regulatory Agreement shall be recorded in the office of the county recorder of the County of Contra Costa, and shall be recorded in the grantor-grantee index to the names of the Owner as grantor and to the name of the Issuer and the Agency as grantee.

Additional Requirements of the Issuer; CDLAC Requirements

In addition to the requirements set forth above and to the extent not prohibited thereby, the Owner hereby agrees to comply with each of the requirements of the Issuer set forth in the Regulatory Agreement, as follows:

(a) The Owner will pay to the Issuer all of the amounts required to be paid by the Owner under the Regulatory Agreement and will indemnify the Issuer and the Trustee as provided in the Regulatory Agreement.

(b) Rental payments paid by Very Low Income Tenants for the Very Low Income Units shall not exceed Affordable Rents.

(c) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer upon reasonable advance notice to the Owner.

(d) The Owner shall submit to the Administrator, on behalf of the Issuer, within fifteen (15) days after receipt of a written request, any information or completed forms requested by the Issuer or the Administrator in order to comply with reporting requirements of the Internal Revenue Service or the State.

(e) The Owner shall not discriminate on the basis of race, creed, color, religion, sex, sexual orientation, marital status, national origin, source of income (e.g. SSI), ancestry or handicap in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation or management of the Project, and will not discriminate on the basis of household size so long as the tenants meet the household size standards of Section 8 of the Housing Act. Further, the Owner shall not permit occupancy in any unit in the Project by more persons than is permissible under the Section 8 household size standards.

(f) The Owner shall comply with any reasonable request made by the Administrator (if other than the Issuer) or the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant to the Regulatory Agreement, and, upon reasonable notice and during normal business hours, to make the Project and the books and

records with respect thereto available for inspection by the Issuer or the Administrator as an agent of the Issuer.

(g) For purposes in the Regulatory Agreement, the base rents shall be adjusted for household size, to the extent permitted by law, and in making such adjustments it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.

(h) The Owner shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 05-142, adopted on December 21, 2005, and in Exhibit A to CDLAC Resolution No. 08-52, adopted on March 26, 2008 (collectively the "CDLAC Conditions"), as they may be modified or amended from time to time, which conditions are incorporated in the Regulatory Agreement by reference and made a part of the Regulatory Agreement. The Owner will prepare and submit to CDLAC, not later than each anniversary of the Closing Date, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance, in substantially the form attached to the Regulatory Agreement, executed by an authorized representative of the Owner. The Issuer and the Administrator shall have no obligation to monitor the Owner's compliance with the CDLAC Conditions.

(i) Except as otherwise provided in the Regulatory Agreement, the Regulatory Agreement shall terminate at the end of the Qualified Project Period.

Any of the foregoing requirements of the Issuer (except (h), which also must be expressly waived by CDLAC and (e) and (i), which also must be expressly waived by CDLAC and the Agency), may be expressly waived by the Issuer, in its sole discretion, in writing, but (i) no waiver by the Issuer of any requirement of this section shall, or shall be deemed to, extend to or affect any other provision of the Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act or the Code, and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this section shall be void and of no force and effect if the Issuer and the Owner receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Requirements of the Agency

In addition to the requirements set forth elsewhere in the Regulatory Agreement and to the extent not prohibited thereby, and as a condition to the obligation of the Agency to make payments to the Owner pursuant to the Agency Assistance Agreement, the Owner agrees to comply with each of the requirements of the Agency set forth in this section (collectively, the "Agency Conditions"), as follows:

(a) For the purposes of this section the following definitions shall apply:

1. "Assumed Household Size" means for a studio one person, for a one bedroom two people, for a two bedroom three people, for a three bedroom four people and for a four bedroom five people; provided however, that if any federal statutes or regulations require use of an alternate household size, assumptions in calculating rents, such federally-mandated household size assumptions shall be used instead of the forgoing assumptions.

2. "Median Income" shall mean the median gross yearly income adjusted for Assumed Household Size, as specified in the Regulatory Agreement, for the County of Contra Costa as published from time to time by HUD and the State of California. In the event that such income determinations are no longer published or are not updated for a period of at least eighteen (18) months,

the Agency shall provide the Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD and the State of California.

(b) Not less than twenty percent (20%) of the units in the Project shall be occupied by, or held vacant and available for occupancy by, Very Low Income Tenants and such units shall be of comparable size and quality as other units in the Project and shall be disbursed throughout the Project.

(c) The rental payments paid by the occupants of the Very Low Income Units shall not exceed Affordable Rents.

(d) The Owner shall rent the units subject to the provisions described in subsection (b) above in accordance with the provisions described in subsection (b) above under "Very Low Income Tenants; Reporting Requirements."

(e) The Owner will obtain, complete and maintain on file Income Certifications for each Very Low Income Tenant in accordance with the provisions described in subsection (c) above under "Very Low Income Tenants; Reporting Requirements." A copy of the most recent Income Certifications for Very Low Income Tenants commencing or continuing occupation of a Very Low Income Unit shall be attached to each report to be filed with the Issuer pursuant to paragraph (h) of this section. The Owner will provide copies of such Income Certifications to the Agency upon request by the Agency.

(f) The Owner shall, in the manner set forth above, verify that the income information provided by an applicant in a Verification of Income is accurate.

(g) The Owner will maintain complete and accurate records pertaining to the Very Low Income Units, and, upon reasonable notice and during business hours, will permit any duly authorized representative of the Agency to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Very Low Income Units and the Income Certifications required pursuant to paragraph (e) above. The Owner will retain copies of all materials obtained or produced with respect to occupancy of the Very Low Income Units for a period of at least five (5) years.

(h) Owner shall submit to Agency not later than the forty-fifth (45th) day after the close of each fiscal year, or such other date as may be requested by Agency, a statistical report, including household size and income data for the Very Low Income Units. Owner shall include a provision in tenant leases pursuant to which the tenants shall consent to Owner's release of such information to the Agency.

(i) To the extent permitted by law, the Owner shall give preferences in the occupancy of the units in the Project to households that the Agency identifies in writing to the Owner that have been displaced as a result of Agency activities.

(j) Initial rents for the Very Low Income Units shall be approved by the Agency prior to occupancy. All rent increases shall also be subject to the prior written approval of the Agency.

(k) The Owner shall comply with the provisions of the Regulatory Agreement, as described in paragraph (h) under the heading "Qualified Residential Rental Project" above, paragraph (g) under the heading "Very Low Income Tenants; Reporting Requirements" above and paragraph (c) under the heading "Additional Requirements of the Act" above.

(l) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required

by the Agency, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Agency upon reasonable advance notice to the Owner.

(m) The Owner shall submit to the Agency, within fifteen (15) days after receipt of a written request, any information or completed forms reasonably requested by the Agency in order to comply with California Redevelopment Law.

(n) The Project shall be constructed and operated for the purpose of providing multifamily residential rental property: No part of the Project will operate as transient housing.

Sale or Transfer of the Project

For the Qualified Project Period, the Owner shall not, except as provided in the Security Instrument and as set forth below, sell, transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Issuer and the Agency, which consent shall not be unreasonably withheld or delayed following: (A) the receipt by the Issuer and the Agency of evidence acceptable to the Issuer and the Agency that (1) the Owner shall not be in default under the Regulatory Agreement or under the Financing Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the purchaser or assignee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of the Regulatory Agreement; (3) either (a) the purchaser or assignee or its property manager has at least three (3) years' demonstrated experience in the ownership, operation and management of similar large mixed-income rental housing projects, and at least one (1) year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above; (4) the person or entity which is to construct and operate the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; and (5) that the Owner shall not be in default under the Agency Assistance Agreement or the purchaser or assignee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Agency; (B) the execution by the purchaser or assignee of any document reasonably requested by the Issuer or the Trustee with respect to the assumption of the Owner's obligations under the Regulatory Agreement, the Financing Agreement (if then in effect) and the Agency Assistance Agreement, including without limitation an instrument of assumption, and delivery to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and the Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer of an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds; and (D) receipt by the Issuer, the Trustee and the Agency of all fees and/or expenses then currently due and payable to the Issuer, the Trustee and the Agency, respectively. The foregoing sentence notwithstanding, the Project may be transferred to (y) a wholly-owned subsidiary or related entity of the Owner (with an opinion of Bond Counsel) or (z) the Trustee or Credit Provider pursuant to a foreclosure, deed in lieu of foreclosure or comparable conversion under the Security Instrument, in each case, without the consent of the Issuer or the Agency. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this section shall be null, void and without effect, shall cause a reversion of title to the Owner, subject to all matters affecting title at the time of such reversion, and shall be ineffective to relieve the Owner of its obligations under the Regulatory Agreement. The written consent of the Issuer and the Agency to any transfer of the Project shall constitute conclusive evidence that the transfer is not in violation of this section. Nothing in this section shall affect any provision of any

other document or instrument between the Owner and any other party that requires the Owner to satisfy certain conditions or obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project (including the Ground Sub-lease, to which all sales and transfers will be subject). Upon any sale or other transfer that complies with the Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

For the Qualified Project Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except pursuant or subordinate to the provisions of the Regulatory Agreement and the Security Instrument (and upon receipt by the Owner of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds; provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project), or except upon a sale, transfer or other disposition of the Project in accordance with the terms of the Regulatory Agreement; (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Term

The Regulatory Agreement and all and several of the terms thereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided therein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds and discharge of the Indenture and the Financing Agreement for the time periods set forth therein.

The terms of the Regulatory Agreement to the contrary notwithstanding, the requirements of the Regulatory Agreement shall terminate and be of no further force and effect in the event of foreclosure or transfer of title by deed in lieu of foreclosure of the Security Instrument, involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Issuer and the Trustee from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements thereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained therein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner thereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Owner upon receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes. Upon the termination of the terms of the Regulatory Agreement, the parties thereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms of the Regulatory Agreement; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. Nothing in the provisions of the Regulatory Agreement

described in this paragraph should be construed to terminate the provisions of the Regulatory Agreement described above under "Requirements of the Agency" and certain other provisions of the Regulatory Agreement prior to the expiration of the Qualified Project Period; provided that the provisions of the Regulatory Agreement described in this section shall be subject to the provisions of the Intercreditor Agreement.

Covenants to Run with the Land

Notwithstanding Section 1461 of the California Civil Code, the Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in the Regulatory Agreement except as otherwise provided therein. The Issuer, the Agency and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth in the Regulatory Agreement, except as otherwise provided therein, shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of the Regulatory Agreement said covenants, reservations and restrictions shall expire. Upon such termination, the Issuer, the Agency and the Trustee agree to provide any necessary release or reconveyance document for the removal of the Regulatory Agreement as an encumbrance against the Project. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof 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 instruments. No breach or default under the Regulatory Agreement shall defeat, render invalid or otherwise impair the lien of the Security Instrument or similar encumbrance upon the Project given in good faith and for value.

Burden and Benefit

The Issuer, the Agency and the Owner hereby declare their understanding and intent that the burdens of the covenants set forth in the Regulatory Agreement touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer, the Agency and the Owner further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Payment of Fees

Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, the Owner shall continue to pay the Issuer Fee and expenses as provided in the Regulatory Agreement and in the Financing Agreement for the Qualified Project Period.

APPENDIX E
SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

Below is a summary of certain provisions of the Reimbursement Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to such documents. All initially capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Reimbursement Agreement.

The Borrower and the Bank will enter into a Reimbursement and Disbursement Agreement, dated as of July 1, 2008 (the "Reimbursement Agreement"), which inter alia, sets forth the terms and conditions whereby the Borrower is required to repay the Bank any amounts drawn by the Trustee under the Letter of Credit. The Bond proceeds will be disbursed to the Borrower in accordance with the conditions for such disbursement set forth in the Reimbursement Agreement and exhibits thereto. All capitalized terms used below and not otherwise defined in this Appendix E shall have the meanings set forth in the Reimbursement Agreement.

Pursuant to the Reimbursement Agreement, the Bank has issued the Letter of Credit. The Borrower has agreed to reimburse the Bank for any payments made by the Bank to the Trustee on behalf of the Holders of the Bonds under the Letter of Credit. In addition, the Borrower agrees, among other things, to maintain its existence, maintain the required insurance, pay all required taxes, provide certain information and notices to the Bank, conduct its business in an orderly manner without voluntary interruption and remain qualified to do business in the State of California.

The occurrence of any of the following events, among others, constitutes an Event of Default under the Reimbursement Agreement:

(a) The Borrower shall fail to repay any Reimbursement Obligation when the same shall become due and payable; or

(b) The Borrower shall fail to pay (i) the Annual Fee, when the same shall become due and payable, (ii) any interest with respect to any unpaid Reimbursement Obligation outstanding under the Reimbursement Agreement, when the same shall become due and payable, or (iii) after five (5) Business Days of notice any other sums due under the Reimbursement Agreement or under any of the other Reimbursement Documents, when the same shall become due and payable; or

(c) The Borrower shall fail to comply with any of its covenants contained in (i) certain provisions of the Reimbursement Agreement or any of the covenants contained in the Security Documents or (ii) certain provisions of the Reimbursement Agreement for thirty (30) days after written notice of such failure has been given to the Borrower by the Administrative Agent, or Guarantor shall fail to comply with any of its covenants contained in (i) certain provisions of the Reimbursement Agreement or any of the covenants contained in the Security Documents or (ii) certain provisions of the Reimbursement Agreement for thirty (30) days after written notice of such failure has been given to the Borrower and the Guarantor by the Administrative Agent;

(d) The Borrower shall fail to perform any term, covenant or agreement contained in the Reimbursement Agreement or in any of the other Reimbursement Documents (other than those specified in the Reimbursement Agreement) for thirty (30) days after written notice of such failure has been given to the Borrower by the Administrative Agent, unless Borrower is unable to cure such default within thirty (30) days in which case Borrower shall have an additional thirty (30) days to cure the default, or Guarantor shall fail to perform any term, covenant or agreement contained in the Reimbursement Agreement or in any of the other Reimbursement Documents (other than those specified in the Reimbursement Agreement) for thirty (30) days after written notice of such failure has been given to the Borrower and the Guarantor by the Administrative Agent, unless the Guarantor is unable to cure such

default within thirty (30) days in which case the Guarantor shall have an additional thirty (30) days to cure the default;

(e) Any representation or warranty of the Borrower in the Reimbursement Agreement, any of the other Reimbursement Documents, the Bond Documents or in any other document or instrument delivered pursuant to or in connection with the Reimbursement Agreement shall prove to have been false in any material respect upon the date when made or deemed to have been made or repeated and will have Material Adverse Effect;

(f) The failure to pay at maturity, or within any applicable period of grace, any obligation for borrowed money or credit received in the amount of \$500,000 or more by the Borrower or \$25,000,000 or more by Guarantor, or fail to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any obligation for borrowed money or credit received in the amount of \$500,000 or more by the Borrower or \$25,000,000 or more by Guarantor for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, or if the Borrower or Guarantor shall be in default following notice and cure period, if any, under any agreement evidencing Indebtedness owing to the Administrative Agent or any of the Co-Lenders;

(g) The Borrower or the Guarantor shall make an assignment for the benefit of creditors, or admit in writing its inability to pay or generally fail to pay its debts as they mature or become due, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of the Borrower or the Guarantor or of any substantial part of the assets of the Borrower or the Guarantor or shall commence any case or other proceeding relating to the Borrower or the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation (and with respect to an involuntary petition only not dismissed within ninety (90) days of filing) or similar law of any jurisdiction, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any such petition or application shall be filed or any such case or other proceeding shall be commenced against the Borrower or the Guarantor and the Borrower or the Guarantor shall indicate its approval thereof, consent thereto or acquiescence therein;

(h) A decree or order is entered appointing a trustee, custodian, liquidator or receiver or adjudicating the Borrower or the Guarantor bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of the Borrower or the Guarantor in an involuntary case under federal bankruptcy laws as now or hereafter constituted (and with respect to an involuntary petition only not dismissed within ninety (90) days of filing);

(i) There shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive, any final judgment against the Borrower that, with other outstanding final judgments, undischarged, against the Borrower exceeds in the aggregate \$500,000.00;

(j) If any of the Reimbursement Documents or any of the Bond Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Administrative Agent, or any action or suit at law or in equity or other legal proceeding to cancel, revoke or rescind any of the Reimbursement Documents or any of the Bond Documents shall be commenced by or on behalf of the Borrower or the Guarantor, or any of their respective stockholders, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Reimbursement Documents or any of the Bond Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(k) The Borrower or Guarantor shall be indicted for a federal crime, a punishment for which could include the forfeiture of any assets of the Borrower having a fair market value in excess of \$500,000;

(l) There shall occur an "event of default" (as defined in any of the Bond Documents) under any of the Bond Documents, whether or not acceleration of the maturity of the amounts due in respect of any of the obligations thereunder shall have occurred;

(m) An Event of Taxability shall occur;

(n) If any survey required or requested by Administrative Agent pursuant to the provisions of the Reimbursement Agreement shows any material adverse condition not approved by Administrative Agent and such condition is not removed within one hundred twenty (120) days after written notice thereof by Administrative Agent to Borrower;

(o) If the Improvements are not substantially completed substantially in accordance with the provisions of the Reimbursement Agreement on or before the first day of the twenty-fourth month following the date of issuance of the Letter of Credit (the "Completion Date");

(p) If construction of the Improvements is suspended for a period of forty-five (45) consecutive days other than by reason of the occurrence of a Force Majeure Delay, or if construction of the Improvements, in the reasonable judgment of Administrative Agent or Construction Inspector, is not carried on with reasonable diligence;

(q) If a letter of credit, cash collateral or guaranty in lieu thereof is not kept in full force in an amount at least equal to that required under the Reimbursement Agreement;

(r) The failure of the issuer of the Equity Letter of Credit to honor a draw on the applicable letter of credit; or the expiration or termination of the applicable letter of credit prior to the then Scheduled Expiration Date and any extension thereof;

(s) If, without the approval of Administrative Agent (such approval not to be unreasonably withheld), Borrower executes any chattel mortgage or other security agreement with respect to any materials, equipment, furniture or fixtures used in the construction of the Improvements or the operation of the Improvements or with respect to any articles of personal property constituting part of the Property, or if any such materials, equipment, furniture, fixtures or articles of personal property are not substantially in accordance with the Plans or are leased or purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the ownership thereof will not vest unconditionally in Borrower free from encumbrances upon being made a part of the Property (excepting Permitted Liens) other than the Issuer Deed of Trust and the Agency Deed of Trust;

(t) If the Guarantor shall disclaim all or any portion of its obligations pursuant to its Guaranty or shall otherwise be in material default, beyond the expiration of any applicable grace and cure periods, under its Guaranty;

(u) If any Bond proceeds on deposit in any funds or accounts established under the Indenture shall become subject to any writ, judgment, warrant or attachment, and such writ, judgment, warrant or attachment shall not be released or bonded within ten (10) Business days, or any such funds shall be seized or executed upon by any person;

(v) If there shall occur a default by Borrower which is not cured within the applicable grace period, if any, under any loan, loan agreement or other credit-related agreement to which Borrower is a party;

(w) If Borrower shall be in default beyond any applicable grace or cure period in the performance of its obligations under the Ground Lease or if the Ground Lease shall be terminated;

(x) If Borrower shall be in default beyond any applicable grace or cure period in performance of its obligations under the Ground Sublease or if the Ground Sublease shall be terminated;

(y) There shall occur a default beyond the applicable grace period, if any, under any of the Development Agreements;

(z) If any bonded notice to withhold funds is served on the Administrative Agent in accordance with the provisions of applicable California law or similar provisions and, within twenty (20) days after the receipt of such notice the claim set forth therein is not discharged or, if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bank is filed with Bank.

Upon the occurrence of any of the foregoing Events of Default, and so long as the same may be continuing, the Administrative Agent may by notice in writing to the Borrower (1) declare all amounts owing with respect to the Reimbursement Agreement and the other Reimbursement Documents to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are thereby expressly waived by the Borrower and (2) require the Borrower to immediately pay to the Administrative Agent a cash amount equal to the maximum aggregate amount that the beneficiary under the Letter of Credit may then draw thereunder plus any unreimbursed draws under the Letter of Credit with interest, if applicable, which cash amount shall be held by the Administrative Agent as cash collateral for all Reimbursement Obligations; provided that in the event of any Event of Default described in paragraphs (g) or (h) above, all such amounts shall become *immediately due and payable automatically and without any requirement of notice from the Administrative Agent.*

In case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Administrative Agent shall have accelerated the maturity of the Obligations and required the payment of cash collateral, the Bank may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in the Reimbursement Agreement and the other Reimbursement Documents or any instrument pursuant to which the Obligations to the Administrative Agent are evidenced, including as permitted by applicable law the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Administrative Agent. Furthermore, except as otherwise described in the preceding sentence, upon the occurrence of any Event of Default and for so long as such Event of Default shall be continuing, Administrative Agent may, at its option and in its sole and absolute discretion take one or more of the following actions:

(a) declare the indebtedness evidenced and secured by the Deed of Trust immediately due and payable;

(b) instruct Trustee pursuant to the Indenture to send a mandatory redemption notice for all or a portion of the Bonds and to take all action necessary under the Indenture to effect such mandatory redemption;

(c) direct Trustee pursuant to the Indenture to call all of the Bonds for mandatory purchase by Bank and to take all action necessary under the Indenture to effect such mandatory purchase;

(d) cease authorizing Trustee to make Advances to Borrower;

(e) declare the Obligations to be immediately due and payable;

(f) pursue any and all remedies provided for in the Reimbursement Documents, or otherwise available at law or in equity;

(g) require Borrower to purchase from Bank all Bonds purchased by Bank in accordance with the Indenture for a purchase price equal to the price paid by Bank for such Bonds; or

(h) pursue any combination of the foregoing to the full extent not mutually exclusive. No remedy herein conferred upon the Administrative Agent is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Reimbursement Agreement or now or hereafter existing at law or in equity or by statute or any other provision of law.

APPENDIX F
PROPOSED FORM OF BOND COUNSEL OPINIONS

Following is a complete copy of the proposed form of opinion proposed to be delivered by Bond Counsel in connection with the 2006A Bonds on the Delivery Date.

July 31, 2008

County of Contra Costa
Martinez, California

The Bank of New York Mellon Trust Company, N.A., as Trustee
Los Angeles, California

Bank of America, N.A.
Hartford, Connecticut

County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project) Series 2006A
and
County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project) Taxable Series 2006A-T

Ladies and Gentlemen:

County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Series 2006A in the aggregate principal amount of \$116,000,000 (the "Series A Bonds") and County of Contra Costa Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Taxable Series 2006A-T in the aggregate principal amount of \$9,000,000 (the "Taxable Bonds" and, together with the Series A Bonds, the "Bonds") were issued by the County of Contra Costa (the "Issuer") on March 23, 2006 pursuant to a Trust Indenture, dated as of March 1, 2006 (as previously amended and supplemented, the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Series A Bonds are being remarketed as "County of Contra Costa Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2006A" and the Taxable Bonds are being remarketed as "County of Contra Costa Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Taxable Series 2006A-T" and, pursuant to Section 12.01(i)(A) of the Indenture, the Indenture is being amended and restated by that certain Amended and Restated Trust Indenture, dated as of July 1, 2008 (the "Amended Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). In connection with the execution and delivery of the Amended Indenture, as bond counsel to the Issuer, we have reviewed the Indenture, the Amended Indenture, the Amended and Restated Financing Agreement, dated as of July 1, 2008, among the Issuer, the Trustee and the Borrower (the "Financing Agreement"), the Regulatory Agreement and Declaration of Restrictive Covenants (Lots 2 and 3) and the Regulatory Agreement and Declaration of Restrictive Covenants (Lot 5), each dated as of March 1, 2006 (collectively, the

“Regulatory Agreement”), among the Issuer, the Contra Costa County Redevelopment Agency (the “Agency”), the Trustee and the Borrower, the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lots 2 and 3) and the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (Lot 5), each dated as of July 1, 2008 (collectively, the “Amended Regulatory Agreement”), among the Issuer, the Agency, the Trustee and the Borrower (collectively, the “Amended Regulatory Agreement”), the Tax Certificate and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Amended Indenture, the Financing Agreement, the Regulatory Agreement, the Amended Regulatory Agreement and the Tax Certificate including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Series A Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Series A Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner reaffirm any of the matters covered in any opinion we rendered in connection with the issuance of the Bonds.

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

1. The execution and delivery of the Amended Indenture is authorized and permitted by the Indenture; and
2. The execution and delivery of the Amended Indenture will not, in and of itself, adversely affect the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes.
3. The execution and delivery of the Amended Regulatory Agreement will not, in and of itself, adversely affect the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes and is not contrary to the provisions of the Act.

This opinion is furnished by us as bond counsel solely for purposes of Section 12.07 of the Indenture and Section 23 of the Regulatory Agreement. No attorney-client relationship has existed or exists between our firm and the Trustee in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion. This letter is delivered to the addressees hereof pursuant to Section 12.07 of the Indenture and is not to be used or relied upon for any other purpose or by any other person.

This opinion is not intended to and may not, be relied upon by owners of Bonds or any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Following is a complete copy of the proposed form of opinion proposed to be delivered by Bond Counsel in connection with the 2008 Bonds on the Delivery Date.

July 31, 2008

County of Contra Costa
Martinez, California

County of Contra Costa
Multifamily Housing Revenue Bonds
(Avalon Walnut Creek at Contra Costa Centre Project) Series 2008A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Contra Costa (the "Issuer") in connection with its issuance of \$10,000,000 aggregate principal amount of Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2008A (the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended and supplemented (collectively, the "Act"), and an Amended and Restated Trust Indenture, dated as of July 1, 2008 (the "Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Financing Agreement, the Regulatory Agreement, Tax Certificate, certificates of the Issuer, the Borrower, the Trustee and others, opinions of counsel to the Issuer, the Borrower, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of such documents, certificates and opinions presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in

appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents described herein, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Composite Offering Statement or other offering material relating to the Bonds and express herein no opinion with respect thereto.

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

1. The Issuer is a political subdivision of the State of California.
2. The Bonds constitute the valid and binding special, limited obligations of the Issuer, payable solely from the Security.
3. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
4. The Bonds do not constitute a debt or liability of the State of California or any political subdivision thereof, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Issuer to the extent provided in the Indenture.
5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which such Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities with respect to which the proceeds of the Bonds were used or is a "related person." However, we observe that interest on the Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Interest on the Bonds is exempt from State personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX G
PRIOR BOND COUNSEL OPINION



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105-2669
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March 23, 2006

County of Contra Costa
Martinez, California

County of Contra Costa
Multifamily Housing Revenue Bonds
(Pleasant Hill BART Transit Village Apartments Project)
Series 2006A and Taxable Series 2006A-T
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Contra Costa (the "Issuer") in connection with its issuance of \$116,000,000 aggregate principal amount of Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Series 2006A (the "Tax-Exempt Bonds") and \$9,000,000 aggregate principal amount of Multifamily Housing Revenue Bonds (Pleasant Hill BART Transit Village Apartments Project) Taxable Series 2006A-T (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended and supplemented (collectively, the "Act"), and a Trust Indenture, dated as of March 1, 2006 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as Trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Financing Agreement, the Regulatory Agreement, Tax Certificate, certificates of the Issuer, the Borrower, the Trustee and others, opinions of counsel to the Issuer, the Borrower, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The interest rate mode and certain agreements, requirements and procedures contained or referred to in the Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.



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The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of such documents, certificates and opinions presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents described herein. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express herein no opinion with respect thereto.

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

1. The Issuer is a political subdivision of the State of California.
2. The Bonds constitute the valid and binding limited obligations of the Issuer, payable solely from the Security.
3. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.



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

5. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the exclusion from gross income of interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities with respect to which the proceeds of the Tax-Exempt Bonds were used or is a "related person." However, we observe that interest on the Tax-Exempt Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Interest on the Taxable Bonds is not excluded from gross income tax for federal income tax purposes. Interest on the Bonds is exempt from State personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

**APPENDIX H
FORM OF LETTER OF CREDIT**

IRREVOCABLE LETTER OF CREDIT NO. 68028207

July 31, 2008

The Bank of New York Mellon Trust Company, N.A., as Trustee
700 South Flower Street, Suite 500
Los Angeles, CA 90017

Attn: Corporate Trust

Ladies and Gentlemen:

At the request and on the instructions of our customer, PHVP I, LP (the "Borrower"), a limited partnership organized under the laws of the State of Delaware and authorized to do business in the State of California, we hereby establish in your favor, as trustee under the Amended and Restated Trust Indenture, dated as of July 1, 2008 (as amended and in effect from time to time, the "Indenture") between County of Contra Costa (the "Issuer") and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), pursuant to which \$116,000,000 in aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2006A (the "2006A Bonds"), \$9,000,000 in aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Taxable Series 2006A-T (the "2006A-T Bonds") and \$10,000,000 in aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Avalon Walnut Creek at Contra Costa Centre Project) Series 2008A (the "2008 Bonds", together with the 2006A Bonds and the 2006A-T Bonds, collectively, the "Bonds"), are being issued, this Irrevocable Letter of Credit in the amount of \$136,509,041 (hereinafter, as reduced from time to time in accordance with the provisions hereof, the "Stated Amount") of which an amount not exceeding \$135,000,000 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to herein as the "Principal Component", and an amount not exceeding \$1,509,041 (as reduced and reinstated from time to time in accordance with the terms hereof) is referred to as the "Interest Component". This Irrevocable Letter of Credit No. 68028207 (the "Letter of Credit") is effective immediately and expires on July 31, 2011 (the "Expiration Date") unless terminated earlier in accordance with the provisions hereof or unless otherwise extended. This Letter of Credit is issued by us pursuant to the provisions of the Reimbursement and Disbursement Agreement, dated as of July 1, 2008, between the Borrower and us (as amended and in effect from time to time, the "Reimbursement Agreement"). All drawings under this Letter of Credit will be paid with our own funds in United States dollars.

Funds under this Letter of Credit will be made available to you in an aggregate amount not exceeding the Stated Amount in accordance with the terms and conditions and subject to the reductions, all as hereinafter provided, against receipt by us of sight draft(s) of yours drawn on us, stating on its face: "Drawn under BANK OF AMERICA, N.A. Irrevocable Letter of Credit No. 68028207 dated July 31, 2008 and accompanied by one or more of the following items at the time required below:

(A) a written certificate in the form of *Exhibit A-1* hereto appropriately completed and purportedly signed by an Authorized Officer (as hereinafter defined);

(B) a written certificate in the form of *Exhibit A-2* hereto appropriately completed and purportedly signed by an Authorized Officer; or

(C) a written certificate in the form of *Exhibit A-3* hereto appropriately completed and purportedly signed by an Authorized Officer.

Presentation of such draft(s) and certificate(s) shall be made at Bank of America, N.A., One Fleet Way, Scranton PA 18507, Trade Services Dept., Standby-Unit, Attention: Standby Manager, Phone No. (570) 330-4212, or at any other office, which may be designated by us by written notice to you.

Demand for payment may also be made in the form of a telecopy by your purported duly Authorized Officer to us in Scranton, PA at Telecopier No. 1-800-755-8743; provided that such telecopy sets out *in haec verba* the text of the sight draft and the appropriate drawing certificate and that you undertake in such telecopy to send us the appropriate documents referred to above within three (3) Business Days (hereinafter defined) of the sending of such telecopy. Demand for payment may not be made by any telecommunication facility other than telecopy.

We hereby agree that each draft drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us with our own funds upon due delivery of the certificate, or certificates, as specified above, if presented as specified below on or before the Expiration Date hereof:

(1) If a demand for payment is made by you hereunder and received by us at or prior to 10:30 a.m., Eastern Standard Time, on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we shall initiate payment to you, or to your designee, of the amount specified, in immediately available funds, on or before 1:00 p.m., Eastern Standard Time, on the same Business Day, or on such later Business Day as you may specify.

(2) If a demand for payment is made by you hereunder after 10:30 a.m., but before 4:00 p.m., Eastern Standard Time, on a Business Day, and provided that such drawing and the documents so presented in connection therewith conform to the terms and conditions hereof, we will initiate payment to you, or to your designee, of the amount specified, in immediately available funds, on or before 10:00 a.m., Eastern Standard Time, on the next succeeding Business Day, or on such later Business Day as you may specify.

If requested by you, payment under this Letter of Credit will be made by deposit of immediately available funds into a designated account that you maintain with us.

No demand for payment may be made hereunder to pay (i) principal, interest, the purchase price, premium or any other amount in respect of any Pledged Bond (as defined in the Indenture) or any Bond known by the Trustee to be held by the Borrower or any affiliate of the Borrower, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bonds.

Subject to the operation of the provisions contained in the immediately following paragraph, the Principal Component shall be reduced immediately upon, and by the amount of, each drawing accomplished by, your presentation to us of a written certificate in the form of either (i) *Exhibit A-1* hereto (such certificate entitled a "Drawing for Purchase Price of Tendered Bonds" shall be referred to hereafter as an "A Drawing") or (ii) *Exhibit A-2* hereto (such certificate entitled a "Drawing for Principal Amount Due by Optional or Mandatory Redemption, Acceleration or Maturity" shall be referred to hereafter as a "B Drawing"). Subject to the operation of the provisions contained in the immediately following paragraph, the Interest Component shall be reduced immediately upon, and

by the amount of each drawing accomplished by, your presentation to us of a written certificate in the form of *Exhibit A-3* hereto (such certificate entitled a "Drawing for Interest Due Upon an Interest Payment Date, Optional or Mandatory Redemption, Acceleration or Maturity" shall be referred to hereafter as a "C Drawing"). Immediately upon your presentation to us of a certificate in the form of *Exhibit A-4* hereto (a "Reduction of Principal Certificate"), (i) the Principal Component shall be reduced, without possibility of reinstatement, by the amount of the reduction in the principal amount of Bonds stated in the Reduction of Principal Certificate and (ii) the Interest Component shall be reduced, without possibility of reinstatement, by an amount equal to thirty-four (34) days' interest computed at the rate of twelve (12%) percent (the "Maximum Rate of Interest") per annum on the basis of a 365-day year on the reduction in the principal amount of Bonds stated in the Reduction of Principal Certificate. Any such reduction shall result in a corresponding reduction in the Stated Amount.

After any A Drawing and provided that no Event of Default exists under the Reimbursement Agreement, the Principal Component shall be reinstated only (A) upon receipt of and to the extent of any reimbursement by or on behalf of the Borrower of all or a portion of such A Drawing (excluding interest paid in connection with a purchase of the Bonds) or (B) upon receipt of and to the extent specified in paragraph 4 of your certificate in the form of *Exhibit A-5* hereto. With respect to a C Drawing and any A Drawing with respect to interest on the Bonds, the Interest Component will be automatically reinstated to an amount equal to thirty-four (34) days' interest (computed at the Maximum Rate of Interest per annum on the basis of a 365-day year notwithstanding the actual rate of interest borne from time to time by the Bonds) on the then applicable Principal Component.

This Letter of Credit applies only to the payment of principal (whether by maturity, redemption or acceleration) or the purchase of Bonds (or portions thereof) tendered for purchase at the option of a bondholder or as the result of any mandatory tender for purchase under the terms of the Indenture, and up to thirty-four (34) days' interest (computed as aforesaid) accruing on the Bonds, on or prior to the expiration of this Letter of Credit and does not apply to any interest that may accrue thereon or any principal or premium which may be payable with respect thereto after such date.

Upon the earliest of (i) the date on which all available amounts hereunder have been drawn; (ii) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Officer stating that: "(a) the Trustee has accepted an Alternate Credit Facility pursuant to Section 8.04 of the Indenture, (b) such Alternate Credit Facility becomes effective on the date of receipt of such notice by the Bank and (c) BANK OF AMERICA, N.A. Irrevocable Letter of Credit No. 68028207 is being surrendered herewith for immediate cancellation"; (iii) the close of business on the tenth (10th) Business Day after your receipt of notice from us that an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing, (iv) 5:00 p.m. (Eastern Standard Time) on July 31, 2011 or, if that date is not a Business Day, on the first Business Day thereafter (or such later date to which the expiration date of this Letter of Credit shall have been extended); (v) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Officer stating that: "(a) there are no Bonds outstanding under the Indenture and (b) BANK OF AMERICA, N.A. Irrevocable Letter of Credit No. 68028207 is being surrendered herewith for immediate cancellation"; and (vi) the close of business on the day of our receipt of a certificate purportedly signed by your Authorized Officer stating that: "(a) the Reset Rate/the Fixed Rate (as such term is defined in the Indenture) has become effective without the consent of the Bank and (b) BANK OF AMERICA, N.A. Irrevocable Letter of Credit No. 68028207 is being surrendered herewith for immediate cancellation", this Letter of Credit shall terminate and be delivered to us for cancellation.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at Bank of America, N.A., One Fleet Way, Scranton, PA 18507, Trade Services Dept., Standby-Unit, Attention: Standby Manager, Phone No. (570) 330-4212, Telecopier No. 1-800-755-8743, specifically referring therein to this Letter of Credit by number.

This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as Trustee under the Indenture, and may be successively transferred. Transfer of this Letter of Credit to such transferee shall be effected only by the presentation to us of the original Letter of Credit accompanied by the instrument of transfer in the form of *Exhibit A-6* attached hereto.

As used herein, the term "Authorized Officer" shall mean any Vice President or Trust Officer in the Corporate Trust Department (or similar group) of the Trustee. As used herein, the term "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close, (iii) any day on which banking institutions located in the city or cities in which the office of the Trustee or the Remarketing Agent designated in the Indenture is located are required or authorized by law or executive order to close, or (iv) so long as this Letter of Credit is in effect, any day on which our office responsible for making payments under this Letter of Credit is closed. All other capitalized terms used herein without definition that are defined in the Reimbursement Agreement shall have the meanings assigned to such terms in the Reimbursement Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except the certificate(s) referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s).

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce, Publication No. 600 (the "Uniform Customs"). This Letter of Credit shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of the State of Connecticut including, without limitation, Article 5 of the Uniform Commercial Code as in effect in the State of Connecticut.

Anything to the contrary in the Uniform Customs notwithstanding, this Letter of Credit is intended to remain in full force and effect until it expires in accordance with its terms. Any failure by you or any successor trustee to draw upon this Letter of Credit with respect to the payment of the principal or purchase price of or interest on the Bonds in accordance with the terms and conditions of the Indenture shall not cause this Letter of Credit to be unavailable for any future drawing in accordance with the terms and conditions of the Indenture.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
Authorized Signature

EXHIBIT A-1

Drawing for Purchase Price of Tendered Bonds

_____ [Date]

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

The undersigned, a duly authorized signatory of the Trustee (hereinafter referred to as the "Undersigned") hereby certifies to BANK OF AMERICA, N.A. (the "Bank"), that:

(1) The Undersigned is the Trustee under the Indenture (as hereafter defined) for the Bonds.

(2) The aggregate amount of this drawing (the "Drawing Amount") is equal to \$_____, and the amount of this drawing does not exceed the principal amount of Tendered Bonds and accrued interest thereon.

(3) The Undersigned is making a drawing under the above-referenced Letter of Credit with respect to the payment of principal and interest portion of the Purchase Price of the Bonds, which are being purchased pursuant to Section [4.01] [4.02] of the Indenture.

(4) This drawing is not being made to pay the Purchase Price of any Bonds held by the Trustee for the benefit of the Bank, the Borrower or any affiliate of the Borrower or interest that may accrue on any of the Bonds on or after the maturity of such Bonds.

(5) The Drawing Amount does not exceed the amount available on the date hereof to be drawn under the Principal Component (as that term is defined in the Letter of Credit) of the Letter of Credit.

(6) Upon receipt by the Undersigned of the Drawing Amount, (a) the Undersigned will apply or cause to be applied the same directly to the payment of an amount equal to the principal amount and accrued interest owing on account of the purchase of Bonds in accordance with the provisions of Section [4.01] [4.02] of the Indenture, (b) no portion of said amount shall be applied by the Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Undersigned.

Capitalized terms used in this Certificate but not otherwise defined herein shall have the respective meanings assigned to them in the Amended and Restated Trust Indenture (the "Indenture") dated as of July 1, 2008 between County of Contra Costa and The Bank of New York Mellon Trust Company, N.A., as Trustee.

IN WITNESS WHEREOF, the Undersigned has executed and delivered this Certificate as of
the _____ day of _____,

The Bank of New York Mellon Trust Company, N.A.,
as Trustee (or Transferee)

By: _____

Authorized Signature

EXHIBIT A-2

Drawing for Principal Amount Due by Optional or
Mandatory Redemption, Acceleration or Maturity

_____ [Date]

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

The undersigned, a duly authorized signatory of the Trustee (hereinafter referred to as the "Undersigned") hereby certifies to BANK OF AMERICA, N.A. (the "Bank"), that:

(1) The Undersigned is the Trustee under the Indenture (as hereafter defined) for the Bonds.

(2) The amount available in the Bond Purchase Fund to reimburse the Bank is equal to \$ _____ and that the amount of this Drawing does not exceed the aggregate principal of the Bonds to be redeemed, paid or purchased as described in paragraph (3) below.

(3) The Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$ _____ with respect to the payment of principal of the Bonds, which amount became or has become due and payable upon (choose one):

_____ (a) the redemption of Bonds pursuant to the operation of the provisions of Section [3.02] [3.03] of the Indenture, or

_____ (b) the acceleration of all of the Bonds pursuant to Section 10.02 of the Indenture or the maturity of the Bonds.

(4) This drawing is not being made in respect of any Bonds held by the Trustee for the benefit of the Bank, the Borrower or any affiliate of the Borrower or any premium that may be payable upon the redemption of any of the Bonds.

(5) The amount demanded hereby, together with the aggregate of all prior payments made pursuant to a "B Drawing" (as defined in the above-referenced Letter of Credit) under the above-referenced Letter of Credit, does not exceed \$ _____.

(6) The amount demanded hereby does not exceed the amount available on the date hereof to be drawn under the above-referenced Letter of Credit in respect of the payment of the principal of the Bonds.

(7) Upon receipt by the Undersigned of the amount demanded hereby, (a) the Undersigned will apply or cause to be applied the same directly to the payment when due, of the principal amount owing on account of the Bonds as a result of the circumstances described in the chosen subclause of paragraph (3) above, (b) no portion of said amount shall be applied by the

Undersigned for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Undersigned.

(8) The outstanding principal amount of the Bonds (after giving effect to the application of the proceeds of the Letter of Credit drawn under this Certificate) is \$_____.

Capitalized terms used in this Certificate but not otherwise defined herein shall have the respective meanings assigned to them in the Amended and Restated Trust Indenture (the "Indenture") dated as of July 1, 2008, between County of Contra Costa and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

The Bank of New York Mellon Trust Company, N.A.,
as Trustee (or Transferee)

By: _____

(Authorized Officer)

EXHIBIT A-3

Drawing for Interest Due Upon an Interest Payment Date,
Optional or Mandatory Redemption,
Acceleration
or Maturity

_____[Date]

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

The undersigned, a duly authorized signatory of the Trustee (hereinafter referred to as the "Undersigned") hereby certifies to BANK OF AMERICA, N.A. (the "Bank"), that:

(1) The Undersigned is the Trustee under the Indenture (as hereafter defined) for the Bonds.

(2) The amount of this Drawing does not exceed the aggregate interest due and payable on the Bonds.

(3) The Undersigned is making a drawing under the above-referenced Letter of Credit in the amount of \$ _____ with respect to payment of accrued interest on the Bonds, which amount has become due and payable upon (choose one):

___ (a) an Interest Payment Date as a scheduled periodic payment of interest on the Bonds (including interest accrued on Tendered Bonds, if the Purchase Date is an Interest Payment Date),

___ (b) redemption of the Bonds pursuant to Section [3.02] [3.03] of the Indenture, or

___ (c) an acceleration of all of the Bonds pursuant to Section 10.02 of the Indenture.

(4) This drawing is not being made in respect of any Bonds held by the Trustee for the benefit of the Bank, the Borrower or any affiliate of the Borrower, or any premium that may be payable upon the redemption of any of the Bonds or any interest that may accrue on any of the Bonds on or after the maturity of such Bonds.

(5) The amount demanded hereby does not exceed the amount available on the date hereof to be drawn under the above-referenced Letter of Credit in respect to the payment of interest on the Bonds.

(6) Upon receipt by the Undersigned of the amount demanded hereby, (a) the Undersigned will apply or cause to be applied the same directly to the payment when due of the interest owing on account of the Bonds as a result of the circumstances described in the chosen clause of paragraph (3) above, (b) no portion of said amount shall be applied by the Undersigned for

any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Undersigned.

(7) In the case of a drawing being made pursuant to subclauses (b) or (c) of paragraph (3) above, the Undersigned is making a simultaneous "B Drawing" (as defined in the above-referenced Letter of Credit) to pay the principal of all of the Bonds which are being purchased or redeemed or the maturity of which has been attained or accelerated.

Capitalized terms used in this Certificate and not otherwise defined herein shall have the respective meanings assigned to them in the Amended and Restated Trust Indenture (the "Indenture") dated as of July 1, 2008, between County of Contra Costa and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

The Bank of New York Mellon Trust Company, N.A.,
as trustee
(or Transferee)

By: _____

Authorized Officer

EXHIBIT A-4

Certificate for Reduction of Principal Component

_____[Date]

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

The undersigned, a duly authorized signatory of the Trustee (hereinafter referred to as the "Undersigned") hereby certifies to BANK OF AMERICA, N.A. (the "Bank") that:

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

(2) The Issuer will pay or redeem Bonds from eligible funds in the principal amount of \$_____ (the "Redeemed Principal Amount") on _____ (the "Redemption Date"), at the principal office of the Trustee.

(3) By the filing of this Certificate, you shall reduce the Principal Component (as defined in the above-referenced Letter of Credit) by an amount equal to the Redeemed Principal Amount on the Redemption Date. After giving effect to this Certificate, the Principal Component (as defined in the above-referenced Letter of Credit) shall equal \$_____ (the "New Principal Component"), being equal to the principal amount of Outstanding Bonds.

(4) By the filing of this Certificate, you shall reduce the Interest Component (as defined in the above-referenced Letter of Credit) by an amount equal to thirty-four (34) days' interest computed at the rate of twelve (12%) percent per annum (the "Maximum Rate of Interest") on the basis of a 365-day year, as appropriate, on the Redeemed Principal Amount. After giving effect to this Certificate, the Interest Component shall equal \$_____, being an amount equal to thirty-four (34) days' interest computed at the Maximum Rate of Interest per annum on the basis of a 365-day year, as appropriate, on the New Principal Component.

(5) The Undersigned has not and will not make a "B Drawing" (as defined in the above-referenced Letter of Credit) to pay or redeem the Redeemed Principal Amount of Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Amended and Restated Trust Indenture (the "Indenture") dated as of July 1, 2008, between County of Contra Costa and The Bank of New York Mellon Trust Company, N.A., as Trustee.

IN WITNESS WHEREOF, the Undersigned has executed and delivered this Certificate as of
the _____ day of _____, 2015.

The Bank of New York Mellon Trust Company, N.A.,
as Trustee (or Transferee)

By: _____
Authorized Officer

EXHIBIT A-5

Certificate for Reinstatement of Principal Component

____ [Date]

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

The undersigned, a duly authorized signatory of the Trustee (hereinafter referred to as the "Undersigned") hereby certifies to BANK OF AMERICA, N.A. (the "Bank") that:

(1) The Undersigned is the Trustee under the Indenture (as hereafter defined) for the Bonds.

(2) The Undersigned previously made an "A Drawing" (as defined in the above-referenced Letter of Credit) on _____ under the Letter of Credit in the amount of \$_____, and \$_____ of such "A Drawing" has not been reinstated under the Principal Component (as defined in the above-referenced Letter of Credit) of the Letter of Credit.

(3) The Undersigned hereby gives irrevocable notice to you, that on or prior to 11:00 a.m. (Eastern Standard Time) on the date hereof, being a date that Pledged Bonds are being remarketed, the Trustee (i) has received in cash a payment for the Pledged Bonds being remarketed, (ii) is holding such cash payment for your benefit and (iii) will deposit such cash payment in an account that you maintain with the Trustee or will deliver such cash payment to you immediately by federal funds wire transfer.

(4) By the filing of this Certificate, you shall reinstate the Principal Component in an amount equal to \$_____ (the "Reinstatement Amount"), being the amount of the cash payment equal to the principal portion of the remarketed Bonds specified in the notice referred to in paragraph (3) as being received from the sale of the Pledged Bonds, but in any case not in excess of the principal amount of Bonds Outstanding at the time of such reinstatement.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to them in the Amended and Restated Trust Indenture (the "Indenture") dated as of July 1, 2008, between County of Contra Costa and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

The Bank of New York Mellon Trust Company, N.A.,
as Trustee
(or Transferee)

By: _____
Authorized Officer

EXHIBIT A-6

Instrument of Transfer

_____ **[Date]**

BANK OF AMERICA, N.A.
One Fleet Way
Scranton, PA 18507
Trade Services Dept., Standby-Unit
Attention: Standby Manager

Re: Irrevocable Letter of Credit No. 68028207

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

_____ **[Name of Transferee]**
_____ **[Address]**

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

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

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it to the transferee with a notice of transfer in such form as you deem advisable.

Very truly yours,

The Bank of New York Mellon Trust Company, N.A.,
as Trustee

By: _____
Name and Title

SIGNATURE AUTHENTICATED:

(Bank)

(Authorized Signature)

WE ACCEPT THE FOREGOING INSTRUMENT:

AUTHORIZED OFFICIAL
DATE