UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-24843

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**47-0810385**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1004 Farnam Street, Suite 400, Omaha, Nebraska	**68102**
(Address of principal executive offices)	**(Zip Code)**

(402) 444-1630

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Beneficial Unit Certificates representing assignments of limited partnership interests in America First Multifamily Investors, L.P. (the "BUCs")	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of the chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of the chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non- accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the registrant's BUCs held by non-affiliates based on the final sales price of the BUCs on the last business day of the registrant's most recently completed second fiscal quarter was $383,876,093

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

Forward-Looking Statements

This Annual Report ("Report") (including, but not limited to, the information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations") contains forward-looking statements. All statements other than statements of historical facts contained in this Report, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. When used, statements which are not historical in nature, including those containing words such as "anticipate," "estimate," "should," "expect," "believe," "intend," and similar expressions, are intended to identify forward-looking statements. We have based forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. This Report also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves several assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties and contained in this Report, and, accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "Risk Factors" in Item 1A of this Report.

These forward-looking statements are subject to various risks and uncertainties, including those relating to:

- current maturities of our financing arrangements and our ability to renew or refinance such financing arrangements;
- defaults on the mortgage loans securing our mortgage revenue bonds ("MRBs");
- the competitive environment in which we operate;
- risks associated with investing in multifamily, student, senior citizen residential and commercial properties, including changes in business conditions and the general economy;
- changes in interest rates;
- our ability to use borrowings or obtain capital to finance our assets;
- local, regional, national and international economic and credit market conditions;
- recapture of previously issued Low Income Housing Tax Credits ("LIHTCs") in accordance with Section 42 of the Internal Revenue Code;
- changes in the United States Department of Housing and Urban ("HUD's") Development's Capital Fund Program;
- geographic concentration within the MRB portfolio held by the Partnership;
- appropriations risk related to the funding of federal housing programs, including HUD Section 8; and
- changes in the U.S. corporate tax code and other government regulations affecting our business.

Other risks, uncertainties and factors could cause our actual results to differ materially from those projected in any forward-looking statements we make. We are not obligated to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

All references to "we," "us," "our" and the "Partnership" in this Report mean America First Multifamily Investors, L.P. ("ATAX"), its wholly-owned subsidiaries and its consolidated variable interest entities. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Report for additional details.

Item 1. Business.

The Partnership was formed for the primary purpose of acquiring a portfolio of mortgage revenue bonds ("MRBs") that are issued by state and local housing authorities to provide construction and/or permanent financing for affordable multifamily and student housing (collectively "Residential Properties") and commercial properties in their market areas. We expect and believe the interest received on these bonds is excludable from gross income for federal income tax purposes. The Partnership may also invest in other types of securities that may or may not be secured by real estate and may make property loans secured by multifamily residential properties which may or may not be financed by MRBs held by the Partnership, to the extent permitted under the terms of the Partnership's First Amended and Restated Agreement of Limited Partnership dated September 15, 2015, as further amended (the "Amended and Restated LP Agreement"). In addition, the Partnership may acquire interests in multifamily, student, and senior citizen residential properties.

The Partnership's general partner is America First Capital Associates Limited Partnership Two ("AFCA 2" or "General Partner"). The general partner of AFCA 2 is Burlington Capital LLC ("Burlington"). The Partnership has issued Beneficial Unit Certificates ("BUCs") representing assigned limited partner interests to investors ("BUC holders"). The Partnership has issued Series A Preferred Units that represent limited interests in the Partnership under the Amended and Restated LP Agreement. The holders of the BUCs and Series A Preferred Units are referred to herein as "Unitholders." Unitholders will incur tax liability if any interest earned on the Partnership's MRBs is determined to be taxable, as well as from the Partnership's taxable investments. See Item 1A, "Risk Factors" in this Report for additional details.

The Partnership has been in operation since 1998 and owns 77 MRBs with an aggregate outstanding principal amount of approximately $677.7 million as of December 31, 2018. The majority of these MRBs were issued by state and local housing authorities in order to provide construction and/or permanent financing for 63 Residential Properties containing a total of 10,650 rental units located in 13 states in the United States. Each MRB for the Residential Properties is secured by a mortgage or deed of trust. One MRB is secured by a mortgage on the ground, facilities, and equipment of a commercial ancillary health care facility in Tennessee. Each of the MRBs provides for "base" interest payable at a fixed rate on a periodic basis. Additionally, the MRBs may provide for the payment of contingent interest determined by the net cash flow and net capital appreciation of the underlying real estate properties. There were no outstanding MRBs with contingent interest provisions as of December 31, 2018.

Of the Partnership's MRBs, 19 are owned directly by the Partnership. Seven MRBs are owned by ATAX TEBS I, LLC; 12 MRBs are owned by ATAX TEBS II, LLC; 7 MRBs are owned by ATAX TEBS III, LLC; and 25 MRBs are owned by ATAX TEBS IV, LLC. Each of these entities is a special purpose entity owned and controlled by the Partnership to facilitate Tax Exempt Bond Securitization ("TEBS") Financings with Freddie Mac. Two MRBs are securitized and held by Deutsche Bank AG ("DB") in Term Tender Option Bond ("Term TOB") facilities. Five MRBs are securitized and held by DB in Term A/B Trust financing facilities. See Notes 2 and 14 to the Partnership's consolidated financial statements for additional details.

The ability of the Residential Properties and the commercial property that collateralize our MRBs to make payments of base and contingent interest is a function of the net cash flow generated by these properties. Net cash flow from a multifamily, student, or senior citizen residential property depends on the rental and occupancy rates of the property and the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market areas in which a property is located. This, in turn, is affected by several factors such as the requirement that a certain percentage of the rental units be set aside for tenants who qualify as persons of low to moderate income, local or national economic conditions, and the amount of new apartment construction and interest rates on single-family mortgage loans. Net cash flow from the commercial property depends on the number of cancer patients which utilize the cancer therapy center and the ability to hire and retain key employees to provide the related cancer treatment. In addition, factors such as government regulation, inflation, real estate and other taxes, labor problems, and natural disasters can affect the economic operations of the properties which collateralize the MRBs. The return we realize from our investments in MRBs depends upon the economic performance of the Residential Properties and the commercial property which collateralize these MRBs. We may be in competition with other residential rental properties and commercial properties located in the same geographic areas as the properties financed with our MRBs.

We may also make taxable property loans secured by the Residential Properties which are financed by MRBs held by us. We do this to provide financing for capital improvements at these properties or to otherwise support property operations when we determine it is in our best long-term interest.

We may also invest in other types of securities that may or may not be secured by real estate to the extent allowed by the Amended and Restated LP Agreement. We also rely on an exemption from registration under the Investment Company Act of 1940, which has certain restrictions on the types and amounts of securities owned by the Partnership.

Under the Amended and Restated LP Agreement, any tax-exempt investments, other than MRBs, that are not secured by a direct or indirect interest ina property must be rated in one of the four highest rating categories by at least one nationally recognized securities rating agency. The Partnership's acquisition of any tax-exempt investment or other investment may not cause the aggregate book value of such investments to exceed 25% of our assets at the time of acquisition. As of December 31, 2018, the Partnership owned three tax-exempt investments consisting of Public Housing Capital Fund Trusts' Certificates ("PHC Certificates"). The PHC Certificates had an aggregate outstanding principal amount of approximately $49.6 million as of December 31, 2018. The PHC Certificates consist of beneficial interests in three tender option bond trusts ("PHC Trusts"), which are consolidated variable interest entities of the Partnership. The PHC Certificates held by the PHC Trusts consist of custodial receipts evidencing loans made to a number of public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities out of annual appropriations to the public housing authorities by the United States Department of Housing and Urban Development ("HUD") under HUD's Capital Fund Program established under the Quality Housing and Work Responsibility Act of 1998 (the "Capital Fund Program"). The PHC Trusts have a first lien on these annual Capital Fund Program payments to secure the public housing authorities' respective obligations to pay principal and interest on their loans. The PHC Certificates are securitized into three separate TOB financing facilities ("TOB Trusts") with DB.

As of December 31, 2018, we owned membership interests innine unconsolidated entities ("Vantage Properties"). Our investments in the Vantage Properties are used to construct multifamily real estate properties. We do not have controlling interests in the Vantage Properties and account for the membership interests under the equity method of accounting. The Partnership earns a return on its membership interests accruing immediately on its contributed capital, which is guaranteed, to an extent, through the second anniversary of construction completion by an unrelated third party. The limited membership interests entitle the Partnership to shares of certain cash flows generated by the Vantage Properties from operations and upon the occurrence of certain capital transactions, such as a refinancing or sale.

We may acquire ownership interests in multifamily, student, and senior citizen apartment properties ("MF Properties"). As of December 31, 2018, we owned two MF Properties containing 859 rental units located in Nebraska and California. In addition, we may acquire real estate securing our MRBs or taxable property loans through foreclosure in the event of a default. Net cash flow of our MF Properties depends on the rental and occupancy rates of the property and the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market areas in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, and the amount of new apartment construction and interest rates on single-family mortgage loans, government regulation, inflation, real estate and other taxes, labor problems, and natural disasters. We operate our MF Properties until the opportunity arises to sell the properties at what we believe is their optimal fair value or to position ourselves for future investments in MRBs issued to finance these properties.

As of December 31, 2018, we had four reportable segments: (1) Mortgage Revenue Bond Investments, (2) MF Properties, (3) Public Housing Capital Fund Trust, and (4) Other Investments. The Partnership separately reports its consolidation and elimination information because it does not allocate certain items to the segments. See Note 23 to the Partnership's consolidated financial statements for additional details.

Properties Management. As of December 31, 2018, seven of the 63 Residential Properties which collateralize the MRBs owned by us were managed by Burlington Capital Properties, LLC ("Properties Management"), an affiliate of the Partnership's general partner, America First Capital Associates Limited Partnership Two ("AFCA 2" or the "General Partner"). In this regard, Properties Management provides property management services for Cross Creek; Greens of Pine Glen (the "Greens Property"); Crescent Village, Willow Bend and Post Woods (collectively, the "Ohio Properties"); Rosewood Townhomes and South Point Apartments. In addition, Properties Management provides services to one of our investments in unconsolidated entities, Vantage at Stone Creek. Management believes that this relationship provides greater insight and understanding of the underlying property operations and their ability to meet debt service requirements to us and helps assure these properties are being operated in compliance with operating restrictions imposed by the terms of the applicable bond financing and/or LIHTC. Property Management also provides management services to The 50/50 MF Property.

Business Objectives and Strategy

Our business objectives are acquiring, holding, selling and otherwise dealing with a portfolio of MRBs which have been issued to provide construction and/or permanent financing for affordable multifamily, student housing and commercial properties. The Partnership is pursuing a business strategy of acquiring additional MRBs and other investments on a leveraged basis. The Partnership expects and believes the interest earned on these MRBs is excludable from gross income for federal income tax purposes. The Partnership seeks to achieve its investment growth strategy by investing in additional MRBs and other investments as permitted by the Partnership's Amended and Restated LP Agreement, taking advantage of financing structures available in the securities market, and entering into interest rate risk management instruments. We expect and believe that any contingent interest we receive will be exempt from inclusion in gross income for federal income tax purposes. There were no outstanding MRBs with contingent interest provisions as of December 31, 2018.

We are pursuing a business strategy of acquiring additional MRBs and other investments, as permitted by the Amended and Restated LP Agreement, on a leveraged basis to (i) increase the amount of interest available for distribution to our Unitholders; and (ii) reduce risk through interest rate hedging. We may finance the acquisition of additional MRBs and other investments through the reinvestment of cash flow, the issuance of additional BUCs or Series A Preferred Units, lines of credit, or securitizatio n financing using our existing portfolio of MRBs and other investments. Our current operating policy is to use securitizations or other forms of leverage which will not exceed 75% of the total Partnership assets. The assets are defined as the carrying value of the MRBs, PHC Certificates, initial finance costs, and the MF Properties at cost. See the discussion of financing arrangements and liquidity and capital resources in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We continually assess opportunities to reposition our existing portfolio of MRBs. The principal objective of this assessment is to improve the quality and performance of our MRB portfolio and, ultimately, increase the amount of cash available for distribution to our Unitholders. In some cases, we may elect to redeem selected MRBs that have experienced significant appreciation. Through the selective redemption of the MRBs, a sale or refinancing of the underlying property will be required. In other cases, we may elect to sell MRBs on properties that are in stagnant or declining markets. The proceeds received from these transactions would be redeployed into other investments consistent with our investment objectives.

We expect to invest primarily in MRBs issued to provide affordable rental housing, student housing projects, housing for senior citizens, and commercial property. The four basic types of MRBs which we may acquire as investments are as follows:

1. Private activity bonds issued under Section 142(d) of the Internal Revenue Code;
2. Bonds issued under Section 145 of the Internal Revenue Code by not-for-profit entities qualified under Section 501(c)(3) of the Internal Revenue Code;
3. Essential function bonds issued by a public instrumentality to finance a multifamily residential property owned by such instrumentality; and
4. Existing "80/20 bonds" that were issued under Section 103(b)(4)(A) of the Internal Revenue Code of 1954.

Each of these structures permit the issuance of MRBs to finance the construction or acquisition and rehabilitation of affordable rental housing or other not-for-profit commercial property. Under applicable Treasury Regulations, any affordable multifamily residential project financed with MRBs that are purportedly tax-exempt must set aside a percentage of its total rental units for occupancy by tenants whose incomes do not exceed stated percentages of the median income in the local area. In each case, the balance of the rental units in the multifamily residential project may be rented at market rates (unless otherwise restricted by local housing authorities). With respect to private activity bonds issued under Section 142(d) of the Internal Revenue Code, the owner of the multifamily residential project may elect, at the time the MRBs are issued, whether to set aside a minimum of 20% of the units for tenants making less than 50% of area median income (as adjusted for household size) or 40% of the units for tenants making less than 60% of the area median income (as adjusted for household size). The MRBs that were secured by Residential Properties issued prior to the Tax Reform Act of 1986 (so called "80/20" bonds) require that 20% of the rental units be set aside for tenants whose income does not exceed 80% of the area median income, without adjustment for household size. State and local housing authorities may require additional rent restrictions above those required by Treasury Regulations. There are no Treasury Regulations related to the MRBs which are collateralized by the commercial property.

We expect that many of the private activity housing MRBs that we evaluate for acquisition will be issued in conjunction with the syndication of LIHTCs by the owner of the financed multifamily residential project. Additionally, to facilitate our investment strategy of acquiring additional MRBs, we may also acquire ownership positions in multifamily properties that are held in our MF Properties segment. In many cases, we expect to acquire MRBs on these MF Properties at the time of a restructuring of the MF Property's ownership. Such restructuring may involve the syndication of LIHTCs in conjunction with property rehabilitation.

Additionally, we are also pursuing a business strategy of making equity investments in market-rate multifamily residential properties through noncontrolling membership interests in unconsolidated entities. The Partnership's investments in unconsolidated entities are used to construct market-rate, multifamily real estate properties. The limited membership interests entitle the Partnership to shares of certain cash flows generated by the Vantage Properties from operations and upon the occurrence of certain capital transactions, such as a refinancing or sale.

Investment Types

Mortgage Revenue Bonds. We invest in MRBs that are secured by a mortgage or deed of trust on Residential Properties and a commercial property. Each of these bonds bear interest at a fixed annual base rate. The amount of interest earned by us from our investment in MRBs is a function of the net cash flow generated by the Residential Properties and the commercial property which

collateralize the MRBs. Net cash flow from a residential property depends on the rental and occupancy rates of the property and the level of operating expenses. Net cash flow from the commercial property depends on the number of cancer patients that utilize the cancer therapy center and the ability to hire and retain key employees to provide the related cancer treatment.

Other Securities. We may invest in other types of securities that may or may not be secured by real estate, as permitted under the terms of the Amended and Restated LP Agreement. Other tax-exempt investments must be rated in one of the four highest rating categories by at least one nationally recognized securities rating agency. These tax-exempt investments and other securities may not represent more than 25% of our assets at the time of acquisition.

PHC Certificates. The PHC Certificates consist of custodial receipts evidencing loans made to numerous public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities out of annual appropriations to be made to the public housing authorities by HUD under HUD's Capital Fund Program. The PHC Certificates have a first lien on these annual Capital Fund Program payments to secure the public housing authorities' respective obligations to pay principal and interest on their loans. The PHC Certificates rating by Standard & Poor's were investment grade as of December 31, 2018.

Other Investments. We also have a reportable segment consisting of our ownership of ATAX Vantage Holdings, LLC, which, as of December 31, 2018, had noncontrolling investments in the Vantage Properties and had issued a property loan to Vantage at Brooks LLC.

Property Loans. We may also make taxable property loans secured by Residential Properties which are financed by MRBs that are held by us.

MF Properties. We may acquire controlling interests in multifamily, student or senior citizen residential properties. We plan to operate the MF Properties to position ourselves for a future investment in MRBs issued to finance the acquisition and/or rehabilitation of the property by a new owner or until the opportunity arises to sell the properties at what we believe is their optimal fair value.

Investment Opportunities and Business Challenges

There continues to be a significant unmet demand for affordable multifamily, student, and senior citizen residential housing in the United States. HUD reports that there is a high demand for quality affordable housing. The types of MRBs in which we invest offer developers of affordable housing a low-cost source of construction and permanent debt financing for these types of properties. Investors purchase these MRBs because the interest income paid on these bonds is expected to be exempt from federal income taxation.

The demand for affordable housing by qualified potential residents whose income does not exceed 50-60% of the area median income continues to increase. Government programs that provide direct rental support to residents has not kept up with the demand, therefore programs that support private sector development and support for affordable housing through MRBs, tax credits and grant funding to developers have become more prominent.

In addition to MRBs, the federal government promotes affordable housing using LIHTCs for affordable multifamily rental housing. The syndication and sale of LIHTCs along with MRB financing is attractive to developers of affordable housing because it helps them raise equity and debt financing for their projects. Under this program, developers that receive an allocation of private activity bonds will also receive an allocation of federal LIHTCs as a method to encourage the development of affordable multifamily housing. We do not invest in LIHTCs but are attracted to MRBs that are issued in association with federal LIHTC syndications because in order to be eligible for federal LIHTCs a property must either be newly constructed or substantially rehabilitated and therefore, may be less likely to become functionally obsolete in the near term than an older property. There are various requirements to be eligible for federal LIHTCs, including rent and tenant income restrictions. In general, the property owner must elect to set aside either 40% or more of the property's residential units for occupancy by households whose income is 60% or less (adjusted for family size) of the area median gross income or 20% or more of the property's residential units for occupancy by households whose income is 50% or less (adjusted for family size) of the area median gross income. These units remain subject to these set aside requirements for a minimum of 30 years.

The inability to access debt financing may result in adverse effects on our financial condition and results of operations. There can be no assurance that we will be able to finance additional acquisitions of MRBs or other investments through either additional equity or debt financing. Although the consequences of market and economic conditions and their impact on our ability to pursue our plan to grow through investments in additional housing bonds are not fully known, we do not anticipate that our existing assets will be adversely affected in the long-term. In addition, the Residential Properties and MF Properties which have not reached stabilization

(which is 90% occupancy for 90 days and the achievement of 1.15 times debt service coverage ratio on amortizing debt service during the period) will result in lower economic occupancy at the related properties.

Since 2016, the Partnership has identified, and owned, membership interests inten Vantage Properties. These investments in the Vantage Properties are used to construct market-rate, multifamily real estate properties. The limited membership interests entitle the Partnership to shares of certain cash flows generated by the Vantage Properties from operations and upon the occurrence of certain capital transactions, such as a refinancing or sale.

Financing Arrangements

The Partnership may finance the acquisition of additional MRBs or other investments through the reinvestment of cash flow, use of available lines of credit, with debt financing collateralized by our existing portfolio of MRBs or other investments (including the securitization of these bonds), or through the issuance of Series A Preferred Units or additional BUCs.

Debt Financing. We utilize leverage to enhance investor rates of return. We use target constraints for each type of financing utilized by us to manage an overall 75% leverage constraint. The amount of leverage utilized is dependent upon several factors, including the assets being leveraged, the tenor of the leverage program, whether the financing is subject to market collateral calls, and the liquidity and marketability of the financing collateral. While short term variations from targeted levels may occur within financing classes, overall Partnership leverage will not exceed 75%. Our overall leverage rati o is calculated as total outstanding debt divided by total partnership assets using the carrying value of the MRBs, PHC Certificates, property loans, taxable MRBs, initial finance costs, and the MF Properties at cost. As of December 31, 2018, our leverage ratio was approximately 60%.

Equity Financing. We may, from time to time, issue additional BUCs in the public market. In November 2016, a Registration Statement on Form S-3 ("Registration Statement") was declared effective by the Securities and Exchange Commission ("SEC") under which the Partnership may offer up to $225.0 million of additional BUCs from time to time. The Registration Statement will expire in November 2019. In December 2017, the Partnership initiated an "at the market offering" and issued 38,617 and 161,383 BUCs for net proceeds of approximately $192,000 and $806,000, net of issuance costs, during the years ended December 31, 2018 and 2017, respectively. The offering was terminated in March 2018. In August 2018, the Partnership initiated a new "at the market offering" to sell up to $75.0 million of BUCs at market prices on the date of sale. The $75 million available under the "at the market program" represented a portion of the $225 million offering of BUCs registered under the Registration Statement. The Partnership sold 310,519 BUCs under the program with proceeds, net of issuance costs, of approximately $1.8 million, during the year ended December 31, 2018. The program was terminated effective February 8, 2019.

Preferred Equity. Under the Amended and Restated LP Agreement, we are authorized to issue partnership securities, including preferred units of limited partnership interests, containing certain designations, preferences, rights, powers, and duties as determined by the General Partner. As of December 31, 2018, we have issued 9,450,000 Series A Preferred Units for gross proceeds of approximately $94.5 million to five financial institutions. The Series A Preferred Units are redeemable upon the sixth anniversary of the closing of the sale of Series A Preferred Units to a subscriber, and upon each anniversary thereafter, the Partnership and each holder of Series A Preferred Units will have the right to redeem, in whole or in part, the Series A Preferred Units held by such holder at a per unit redemption price equal to $10.00 per unit plus an amount equal to all declared and unpaid distributions. The Partnership used the proceeds received to acquire MRBs that are issued by state and local housing authorities to provide construction and/or permanent financing for affordable multifamily, student housing, and commercial properties that are likely to receive consideration as "qualified investments" under the Community Reinvestment Act of 1977 ("CRA").

Recent Investment Activities

The following table presents information regarding the investment activities of the Partnership for the years ended December 31, 2018 and 2017:

Investment Activity	#	Amount (in 000's)	Retired Debt or Note (in 000's)	Tier 2 income distributable to the General Partner (in 000's) (1)	Notes to the Partnership's consolidated financial statements
For the Three Months Ended December 31, 2018					
Mortgage revenue bond acquisitions	3	$ 22,168	N/A	N/A	6
Mortgage revenue bond redemptions	4	39,761	$ 37,849	N/A	6, 14
Investments in unconsolidated entities	3	3,483	N/A	N/A	9
Return of investment in unconsolidated entity upon sale	1	8,069	N/A	N/A	9
Property loan redemptions	2	7,857	N/A	N/A	10
Taxable mortgage revenue bond redemption	1	924	N/A	N/A	12
For the Three Months Ended September 30, 2018					
Mortgage revenue bond redemptions	3	$ 17,567	$ 15,917	$ 1,062	6, 14
MF Property sold	1	13,450	7,500	1,001	8, 15
Investments in unconsolidated entities	6	18,946	N/A	N/A	9
Property loan redemptions	2	5,113	N/A	N/A	10
For the Three Months Ended June 30, 2018					
Mortgage revenue bond acquisition	1	$ 19,540	N/A	N/A	6
Mortgage revenue bond redemptions	4	11,000	$ 7,710	N/A	6, 14
Investments in unconsolidated entities	4	6,764	N/A	N/A	9
Property loan redemptions	3	500	N/A	N/A	10
For the Three Months Ended March 31, 2018					
Mortgage revenue bond redemptions	3	$ 10,447	$ 7,345	N/A	6, 14
Investments in unconsolidated entities	3	12,323	N/A	N/A	9
For the Three Months Ended December 31, 2017					
Mortgage revenue bond acquisitions	7	$ 49,291	N/A	N/A	6
Mortgage revenue bond redemptions	5	40,391	$ 38,592	$ 732	6, 14
Mortgage revenue bond restructured	1	510	N/A	N/A	6
MF Properties sold	3	32,775	14,741	197	8, 15
Taxable mortgage revenue bond redemptions	2	1,510	N/A	N/A	12
Property loan advances	1	336	N/A	N/A	10
Property loan redemptions	4	1,667	N/A	N/A	10
Investment in unconsolidated entities	2	4,527	N/A	N/A	9
For the Three Months Ended September 30, 2017					
Mortgage revenue bond acquisitions	2	$ 12,471	N/A	N/A	6
Mortgage revenue bond redemption	1	1,997	$ 1,700	N/A	6, 14
Investment in unconsolidated entities	1	1,552	N/A	N/A	9
Property loan advance	1	36	N/A	N/A	10
Property loan redemption	1	500	N/A	N/A	10
For the Three Months Ended June 30, 2017					
Land held for development sold	1	$ 3,000	N/A	$ (5)	8
Investments in unconsolidated entities	2	1,605	N/A	N/A	9
Property loan advances	2	639	N/A	N/A	10
For the Three Months Ended March 31, 2017					
Mortgage revenue bond acquisitions	6	$ 59,585	N/A	N/A	6
MF Property sold	1	13,750	N/A	$ 1,071	8
Investments in unconsolidated entities	3	9,503	N/A	N/A	9
Property loan advances	3	1,705	N/A	N/A	10
Property loan redemption	1	500	N/A	N/A	10

(1) See “Cash Available for Distribution” in Item 7 of this Report.

Recent Financing Activities

The following table presents information regarding the debt financing, derivatives, Series A Preferred Units and partners' capital activities of the Partnership for the years ended December 31, 2018 and 2017, exclusive of retired debt amounts listed in the recent investment activities table above:

Financing, Derivative and Capital Activity	#	Amount (in 000's)	Secured	Maximum SIFMA Cap Rate (1)	Notes to the Partnership's consolidated financial statements
For the Three Months Ended December 31, 2018					
Net borrowing on unsecured LOCs	1	$ 7,194	No	N/A	13
Interest rate swap terminated	1	-	N/A	N/A	16
Proceeds on issuance of BUCs, net of issuance costs	1	1,378	N/A	N/A	19
For the Three Months Ended September 30, 2018					
Net repayments on unsecured LOCs	2	$ 21,074	No	N/A	13
Proceeds from M45 TEBS Financings	1	221,540	Yes	N/A	14
Proceeds from new Term A/B Financings with DB	4	17,380	Yes	N/A	14
Term A/B Trusts repayments related to M45 TEBS	24	208,689	Yes	N/A	14
Repayment of Term A/B Financings with DB	2	10,885	Yes	N/A	14
Interest rate swap terminated	1	-	N/A	N/A	16
Proceeds on issuance of BUCs, net of issuance costs	1	384	N/A	N/A	19
For the Three Months Ended June 30, 2018					
Net repayment on unsecured LOCs	1	$ 460	No	N/A	13
For the Three Months Ended March 31, 2018					
Proceeds on issuance of BUCs, net of issuance costs	1	$ 192	N/A	N/A	19
For the Three Months Ended December 31, 2017					
Net borrowing on unsecured LOCs	1	$ 37,529	No	N/A	13
Term A/B Financing with DB	1	9,000	Yes	N/A	14
Series A Preferred Unit issuances	2	17,500	N/A	N/A	18
Proceeds on issuance of BUCs, net of issuance costs	1	806	N/A	N/A	19
For the Three Months Ended September 30, 2017					
Net borrowing on unsecured LOCs	1	$ 12,471	No	N/A	13
Interest rate derivative purchased	1	52	N/A	4.0%	16
Series A Preferred Unit issuance	1	20,000	N/A	N/A	18
For the Three Months Ended June 30, 2017					
Interest rate derivatives purchased	2	$ 497	N/A	1.5%	16
Refinance of Mortgages Payables	2	-	Yes	N/A	15
For the Three Months Ended March 31, 2017					
Net repayments on unsecured LOCs	2	$ 40,000	No	N/A	13
Repayment on secured LOC	1	20,000	Yes	N/A	N/A
Proceeds from new Term A/B Financings with DB	19	106,810	Yes	N/A	14
Net repayments on refinance of Term A/B Financings with DB	4	2,245	Yes	N/A	14
Series A Preferred Unit issuances	2	16,131	N/A	N/A	18

(1) See "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of this Report.

Management and Employees

We are managed by our General Partner, which is controlled by its general partner, Burlington Capital LLC ("Burlington"). The Board of Managers and certain employees of Burlington act as the managers (and effectively as the directors) and executive officers of the Partnership. Certain services are provided to us by employees of Burlington and we reimburse Burlington for its allocated share of their salaries and benefits. As of December 31, 2018, the Partnership had no employees.

Competition

We compete with private investors, lending institutions, trust funds, investment partnerships, the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal National Mortgage Association ("Fannie Mae") and other entities with objectives similar to ours for the acquisition of MRBs and other investments. This competition could reduce the availability of investments to the Partnership for acquisition and reduce the interest rate that issuers pay on these investments.

Because we invest in MRBs secured by Residential Properties, an MRB secured by a commercial property, ownership interests in the MF Properties, and membership interests in unconsolidated entities, we may be in competition with other real estate in the same geographic areas. Multifamily rental properties also compete with single-family housing that is either owned or leased by potential tenants. To compete effectively, the multifamily, student, and senior citizen residential properties financed or owned by us must offer quality apartments at competitive rental rates. To maintain occupancy rates and attract quality tenants, the Residential Properties, MF Properties and properties owned by unconsolidated entities may also offer rental concessions, such as free rent to new tenants for a stated period. These Residential Properties, MF Properties and properties owned by unconsolidated entities also compete by offering quality apartments in attractive locations and that provide tenants with amenities such as recreational facilities, garages and pleasant landscaping.

Environmental Matters

We believe each of the MF Properties, the Residential Properties, the commercial property, and properties owned by unconsolidated entities comply, in all material respects, with federal, state and local regulations regarding hazardous waste and other environmental matters. We are not aware of any environmental contamination at any of these properties that would require any material capital expenditure by the underlying properties, and therefore the Partnership, for the remediation thereof.

Tax Status

We are classified as a partnership for federal income tax purposes and accordingly, there is no provision for income taxes. The distributive share of our income, deductions and credits is included in each Unitholder's income tax return.

We held interests in MF Properties, except for the Suites on Paseo and Jade Park, through a wholly-owned subsidiary that is a "C" corporation for income tax purposes. The subsidiary files separate federal and state income tax returns and its income is subject to federal and state income taxes.

We consolidate separate legal entities who record, and report income taxes based upon their individual legal structure which may include corporations, limited partnerships, and limited liability companies. We do not believe the consolidation of these entities for reporting under accounting principles generally accepted in the United States of America ("GAAP") will impact our tax status, amounts reported to Unitholders on Internal Revenue Service ("IRS") Schedule K-1, our ability to distribute income to Unitholders which we believe is tax-exempt, the current level of quarterly distributions, or the tax-exempt status of the underlying MRBs.

All financial information in this Annual Report on Form 10-K is presented on the basis of Accounting Principles Generally Accepted in the United States of America, with the exception of the Non-GAAP measure disclosed in Item 7 of this Report.

General Information

The Partnership is a Delaware limited partnership. Our general partner is AFCA 2, whose general partner is Burlington. Since 1984, Burlington has specialized in the management of investment funds, many of which were formed to acquire real estate investments such as MRBs, mortgage-backed securities, and real estate properties, including multifamily, student and senior citizen housing. Burlington maintains its principal executive offices at 1004 Farnam Street, Suite 400, Omaha, Nebraska 68102, and its telephone number is (402) 444-1630.

The Partnership does not have any employees of its own. Employees of Burlington, acting through AFCA 2 (our General Partner), are responsible for our operations and we reimburse Burlington for the allocated salaries and benefits of these employees and for other expenses incurred in running our business operations. AFCA 2 is entitled to an administrative fee equal to 0.45% per annum of the outstanding principal balance of any MRBs, tax-exempt investments or other investments for which an unaffiliated party is not obligated to pay. When the administrative fee is payable by a property owner, it is subordinated to the payment of all base interest to the Partnership on the MRB on that property. Our Amended and Restated LP Agreement provides that the administrative fee will be paid directly by us with respect to any investments for which the administrative fee is not payable by the property owner or a third party. In addition, our Amended and Res tated LP Agreement provides that we will pay the administrative fee to the General Partner with respect to any foreclosed MRBs.

AFCA 2 may also earn mortgage placement fees resulting from the identification and evaluation of additional investments that we acquire. Any fees related to the origination of financing facilities are paid by the property owner out of the gross proceeds of the financing. The fees, if any, will be subject to negotiation between AFCA 2, its affiliate, and such property owners.

In addition, an affiliate of AFCA 2, Farnam Capital Advisors, LLC ("FCA"), acted as an origination advisor and consultant to the borrowers when MRBs, other investments and financing facilities were acquired by the Partnership during 2017 and 2016. Any such fees were paid by the owners of the properties financed by the acquired MRBs or other investments out of their proceeds.

Properties Management is an affiliate of Burlington that is engaged in the management of multifamily, student and senior citizen residential properties. Properties Management earns a fee paid out of property revenues. Properties Management may also seek to become the manager of multifamily, student and senior citizen residential properties financed by additional MRBs acquired by the Partnership, subject to negotiation with the owners of such properties. If we acquire ownership of any property through foreclosure of an MRB, Properties Management may provide property management services for such property and receive a fee payable out of property revenues.

The Partnership's initial limited partner is America First Fiduciary Corporation Number Five, a Nebraska corporation, which, in general, acts on behalf of the BUCs holders with respect to the exercise and enforcement of the rights of the BUCs holders under the Amended and Restated LP Agreement. BUCs represent assignments by the initial limited partner of its rights and obligations as a limited partner to outside third-party investors. The Series A Preferred Units of the Partnership represent limited partnership interests in the Partnership under the Amended and Restated LP Agreement.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other reports are filed with the SEC. Copies of our filings with the SEC may be obtained from the SEC's website at *www.sec.gov*, or from our website at www.ataxfund.com, as soon as reasonably practical after they are filed with the SEC. Access to these filings is free of charge. The information on our website is not incorporated by reference into this Report.

Item 1A. Risk Factors

Risks Related to our Business and Investments

Conditions in the tax credit markets due to known or potential changes in U.S. corporate tax rates may increase our cost of borrowing, make financing difficult to obtain or restrict our ability to invest in MRBs and other investments, each of which may have a material adverse effect on our results of operations and business.

Conditions in the tax credit market due to changes in the U.S. corporate tax rates have had, and may continue to have, an adverse impact on our cost of borrowings and may restrict our ability to invest in MRBs and other investments. It is unclear when and how quickly conditions will stabilize in the tax credit markets. These conditions, as well as the cost and availability of credit has been, and may continue to be, adversely affected in all markets in which we operate. Concern about the stability of the tax credit markets has led many lenders and institutional investors to reduce, and in some cases, cease, providing funding to borrowers. Our access to debt and equity financing may be adversely affected. Changes in the U.S. tax rates, and the resulting impacts to the tax credit market, may limit our ability to replace or renew maturing debt financing on a timely basis, may impair our ability to acquire MRBs and other investments and may impair our access to capital markets to meet our liquidity and growth requirements which may have an adverse effect on our financial condition and results of operations.

We engage in transactions with related parties.

The majority of the executive officers of Burlington, the named executive officers of the Partnership, and four of the Managers of Burlington hold equity positions in Burlington. A subsidiary of Burlington acts as our General Partner and manages our investments and performs administrative services for us and earns fees that are either paid by the properties financed by our MRBs or by us. The Partnership also enters into various arrangements for services provided by entities controlled by Burlington. Because of these relationships, our agreements with Burlington and its subsidiaries are considered to be related-party transactions. By their nature, related-party transactions may not be considered to have been negotiated at arm's length. These relationships may also cause a conflict of interest in other situations where we are negotiating with Burlington. See Note 21 of the Partnership's consolidated financial statements for additional details.

An increase in interest rates may make it difficult for us to finance or refinance our debt obligations and could reduce the number of investments we can acquire and cash flow from operations.

If debt is unavailable at acceptable rates, we may not be able to finance the purchase of additional investments. If we finance the acquisition of our investments, we may be unable to refinance the debt at maturity or may be being unable to refinance at acceptable terms. If we refinance our debt at higher rates of interest, interest expense will increase and our cash flows from operations will be reduced.

Our variable-rate debt financing and market value of assets may be adversely impacted by increasing interest rates.

We have financed the acquisition of certain assets using variable-rate debt financing. The interest that we pay on these financings fluctuates with specific interest rate indices. A majority of our investment assets earn income at fixed rates and the amount of interest we earn on these investments will not change with general movements in market-based interest rates. Accordingly, an increase in the applicable interest rate index used for our variable rate debt financing will cause an increase in our interest expense and will reduce our operating cash flows. Our use of derivatives is designed to mitigate some but not all of the exposure we may have to the negative impact of rising interest rates.

An increase in interest rates could also decrease the market value of assets owned by the Partnership. A decrease in the market value of assets owned by the Partnership could decrease the amount realized on the sale of our investments and would thereby decrease the amount of our cash flows. During periods of low prevailing interest rates, the interest rates we earn on new interest-bearing assets we acquire may be lower than the interest rates on our existing portfolio of interest-bearing assets.

Our MRBs, PHC Certificates, property loans and investments in unconsolidated entities are illiquid assets and their values may decrease.

Our MRBs, PHC Certificates, property loans and investments in unconsolidated entitiesare relatively illiquid, and there is no existing trading market for them. There are no market makers, price quotations, or other indications of a developed trading market for these investments. In addition, no rating has been issued on any of the existing MRBs and we do not expect to obtain ratings on MRBs we may acquire in the future. Accordingly, any buyer of these MRBs would need to perform its own due diligence prior to a purchase. The Partnership's ability to sell its MRBs, PHC Certificates, property loans and investments in unconsolidated entities and the price it may receive upon their sale, will be affected by the number of potential buyers, the number of similar securities on the market at the time and by other market conditions. Such a sale could result in a loss to the Partnership.

The receipt of interest and principal payments on our MRBs will be affected by the economic results of the underlying Residential Properties and a commercial property.

Although our MRBs are issued by state or local housing authorities, they are not general obligations of these governmental entities and are not backed by any taxing authority. Instead, each of these MRBs is backed by a non-recourse loan made to the owner of the underlying Residential Properties and commercial property. Because of the non-recourse nature of the underlying mortgage loans, the sole source of cash to pay base and contingent interest on the MRB, and to ultimately pay the principal amount of the bond, is the net cash flow generated by the operation of the financed property and the net proceeds from the ultimate sale or refinancing of the property (except in cases where a property owner has provided a limited guarantee of certain payments). This makes our investments in these MRBs subject to risks usually associated with direct investments in multifamily real estate. If a property is unable to sustain net cash flow at a level necessary to pay its debt service obligations on our MRB on the property, a default may occur. Net cash flow and net sale proceeds from a property are applied only to debt service payments of the MRB secured by that property and are not available to satisfy debt service obligations on other MRBs that we hold. In addition, the value of a property at the time of its sale or refinancing will be a direct function of its perceived future profitability. Therefore, the amount of interest that we earn on our MRBs, and whether or not we will receive the entire principal balance of the bonds as and when due, will depend to a large degree on the economic results of the underlying properties.

The net cash flow from the operation of a property may be affected by many things, such as the number of tenants, the rental and fee rates, operating expenses, the cost of repairs and maintenance, taxes, government regulation, competition from other similar multifamily, student, or senior citizen residential properties, mortgage rates for single-family housing, and general and local economic conditions. In most of the markets in which the properties financed by our MRBs are located, there is significant competition from other multifamily and single-family housing that is either owned or leased by potential tenants. Low mortgage interest rates and federal tax deductions for interest and real estate taxes make single-family housing more accessible to persons who may otherwise rent apartments.

The rent restrictions and occupant income limitations imposed on properties financed by our MRBs may limit the revenues of such properties.

All of the Residential Properties securing our MRBs are subject to certain federal, state and/or local requirements with respect to the permissible income of their tenants. Since federal rent subsidies are not generally available on these properties, rents are limited in the LIHTC properties to 30% of the related income limitation for a designated portion of the property. As a result, these rents may not be sufficient to cover all operating costs with respect to these units and debt service on the applicable MRB. This may force the property owner, when permissible, to charge rents on the remaining units that are higher than they would be otherwise and may, therefore, exceed competitive rents. This may adversely affect the occupancy rate of a property securing an investment and the property owner's ability to service its debt.

The repayment of our MRBs by the borrowers is principally dependent upon proceeds from the sale or refinancing of the underlying properties.

The principal of most of our MRBs does not fully amortize over their terms. This means that all or some of the balance of our MRBs will be repaid as a lump-sum "balloon" payment at the end of their term. The ability of the property owners to repay the MRBs with balloon payments is dependent upon their ability to sell the properties securing our MRBs or obtain adequate refinancing. The MRBs are not personal obligations of the property owners, and we rely solely on the values of the properties securing these MRBs for security. Similarly, if an MRB goes into default, our only recourse is to foreclose on the underlying property. If the value of the underlying property securing the MRB is less than the outstanding principal balance plus accrued interest on the MRB, we will incur a loss.

There are many risks related to the lease-up of newly constructed or renovated properties that may affect the MRBs issued to finance these properties.

We may acquire MRBs issued to finance properties in various stages of construction or renovation. As construction or renovation is completed, these properties will move into the lease-up phase. The lease-up of these properties may not be completed on schedule or at anticipated rent levels, resulting in a greater risk these investments may go into default rather than investments secured by mortgages on properties that are stabilized or fully leased-up. The underlying property may not achieve expected occupancy or debt service coverage levels. While we may require property developers to provide us with a guarantee covering operating deficits of the property during the lease-up phase, we may not be able to do so in all cases or such guarantees may not fully protect us in the event a property is not leased to an adequate level of economic occupancy as anticipated.

If we acquire ownership of Residential Properties, we will be subject to all of the risks normally associated with the ownership of multifamily real estate.

We may acquire ownership of Residential Properties financed by MRBs held by us in the event of a default on such bonds. We will be subject to all of the risks normally associated with the operation of multifamily real estate including declines in property values, occupancy and rental rates, increases in operating expenses, and the ability to refinance if needed. We may also be subject to government regulations, natural disasters and environmental issues, any of which could have an adverse effect on our financial results, the property's cash flows and our ability to sell the properties.

The properties securing our MRBs are geographically dispersed throughout the United States, with significant concentrations in certain states.

The properties securing our MRBs are geographically dispersed throughout the United States, with significant concentrations in certain states. Such concentrations expose us to potentially negative effects of local or regional economic downturns, which could prevent us from collecting principal and interest on our MRBs.

There are many risks related to the construction of Residential Properties that may affect the MRBs issued to finance these properties and multifamily properties that underlie our Investments in Unconsolidated Entities.

We may invest in MRBs secured by residential housing properties, and we make equity investments in limited liability companies created to develop, construct and operate multifamily properties. Construction of such properties generally takes approximately twelve to eighteen months. The principal risk associated with these investment activities is that construction of the underlying properties may be substantially delayed or never completed. This may occur for many reasons including (i) insufficient financing to complete the project due to underestimated construction costs or cost overruns; (ii) failure of contractors or subcontractors to perform under their agreements; (iii) inability to obtain governmental approvals; (iv) labor disputes; and (v) adverse weather and other unpredictable contingencies beyond the control of the developer. While we may be able to protect ourselves from some of these risks by obtaining construction completion guarantees from developers, agreements of construction lenders to purchase our bonds if construction is not completed on time, and/or payment and performance bonds from contractors, we may not be able to do so in all cases or such guarantees or bonds may not fully protect us in the event a property is not completed. In other cases, we may decide to forego certain types of available security if we determine that the security is not necessary or is too expensive to obtain in relation to the risks covered.

If a property is not completed or costs more to complete than anticipated, it may cause us to receive less than the full amount of interest owed to us on the MRB financing such property or otherwise result in a default under the mortgage loan that secures our MRB on the property. In such case, we may be forced to foreclose on the incomplete property and sell it in order to recover the principal and accrued interest on our MRB and we may suffer a loss of capital as a result. Alternatively, we may decide to finance the remaining construction of the property, in which event we will need to invest additional funds into the property, either as equity or as a taxable property loan. Any return on this additional investment would be taxable. Also, if we foreclose on a property, we will no longer receive interest on the bond issued to finance the property. The overall return to us from our investment in such property is likely to be less than if the construction had been completed on time or within budget.

As it relates to our equity investments, if a property is not completed or costs more to complete than anticipated, it may cause us to receive less distributions than expected. Furthermore, we may be prevented from receiving a return on our investments or recovering our initial investment, which would likely adversely affect our results of operations.

There are various risks associated with our Investments in Unconsolidated Entities.

Our Investments in Unconsolidated Entities represent equity investments in limited liability companies created to develop, construct and operate multifamily properties. We are entitled to certain distributions under the terms of the investees' governing documents based on the availability of cash to pay such distributions. The only sources of cash flows for such distributions are either the net cash flows from the operation of the property, the cash proceeds from a sale of the property, or through the permanent financing in the form of an MRB. The net cash flow from the operation of a property may be affected by many factors, such as the number of tenants, the rental and fee rates, operating expenses, the cost of repairs and maintenance, taxes, debt service requirements, competition from other similar multifamily properties and general and local economic conditions. Sale proceeds are primarily dependent, among other things, on the value of a property to a prospective buyer at the time of its sale. If there are no net cash flows from operations or insufficient proceeds from a sale or a refinancing event, we are unlikely to receive distributions from our investees and we may be unable to recover our investments in these entities.

There is a risk associated with a third-party developer that has provided guarantees of our returns on Investments in Unconsolidated Entities.

One developer has provided a guarantee of returns on our Investments in Unconsolidated Entities through the second anniversary ofconstruction completion of the underlying multifamily property. The guarantees remain through the two-year anniversary of construction completion of each multifamily property up to a maximum amount for each investment. If the underlying multifamily properties do not generate sufficient cash proceeds, either through net cash flows from operations or upon a sale event or through the permanent financing in the form of an MRB, then we are entitled to enforce the guarantee against the developer. If the developer is unable to perform on the guarantee, we may be prevented from realizing our returns earned on our Investments in Unconsolidated Entities through the second anniversary of construction completion, which may result in the recognition of losses.

There are risks associated with our ownership interests in MF Properties.

The financial performance of our investments in MF Properties depends on the rental and occupancy rates of the properties and the level of operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, apartments in the market areas in which a property is located. This, in turn, is affected by several factors such as local or national economic conditions, and the amount of new apartment construction and interest rates on single-family mortgage loans. In addition, factors such as government regulation, inflation, real estate and other taxes, labor problems, and natural disasters can affect the economic operations of the properties. We may be considered to be in competition with other residential rental properties located in the same geographic areas as the properties financed with our MRBs.

There is additional credit risk when we make a taxable loan on a Residential Property.

The taxable property loans that we make to owners of the Residential Properties that secure MRBs held by us are non-recourse obligations of the property owner. As a result, the primary source of principal and interest payments on these taxable property loans is the net cash flow generated by these properties or the net proceeds from the sale or refinance of these properties. The net cash flow from the operation of a property may be impacted by many factors as previously discussed. In addition, any payment of principal and interest is subordinate to payment of all principal and interest (including contingent interest) on the MRB secured by the property. As a result, there is a greater risk of default on the taxable property loans than on the associated MRBs. If a property is unable pay current debt service obligations on the taxable property loan, a default may occur. Taxable property loans are not secured by the underlying properties and we do not expect to pursue foreclosure or other remedies against a property upon default of a taxable property loan if the property is not in default on its MRB financing.

Certain Residential Properties funded by our MRBs, as well as certain MF Properties and Investments in Unconsolidated Entities, are not completely insured against damages from hurricanes and other major storms.

If a property underlying an investment was to be damaged by a hurricane or a major storm, the amount of uninsured losses could be significant, and the property owner may not have the resources to fully rebuild the property. In addition, the damages to a property may result in all or a portion of the rental units not being rentable for a period of time. If a property owner does not carry rental interruption insurance, the loss of rental income would reduce the cash flow available to pay principal and interest on MRBs collateralized by these properties. This loss of rental income would also reduce the ability of MF Properties and Investments in Unconsolidated Entities to pay us distributions. In addition, the property owner could also lose their LIHTCs if the property was not repaired.

The properties securing our MRBs, MF Properties and Investments in Unconsolidated Entities may be subject to liability for environmental contamination which could increase the risk of default on such MRBs or loss of our investment.

The owner or operator of real property may become liable for the costs of removal or remediation of hazardous substances released on its property. Various federal, state and local laws often impose such liability without regard to whether the owner or operator of real property knew of, or was responsible for, the release of such hazardous substances. We cannot assure you that the properties that secure our MRBs, MF Properties and Investments in Unconsolidated Entities will not be contaminated. The costs associated with the remediation of any such contamination may be significant and may exceed the value of a property or result in the property owner defaulting on the MRB secured by the property or otherwise result in a loss of our investment in the property.

Risks Related to Debt Financings and Derivative Instruments

There are risks associated with debt financing programs that involve securitization of our MRBs and PHC Certificates.

We obtain debt financing through various securitization programs related to our MRBs and PHC Certificates. The terms of these securitization programs differ, but in general require our investment assets be placed into a trust or other special purpose entity that issues a senior security to unaffiliated investors while we retain the residual interest. The trust administrator receives all the interest payments from the underlying MRBs and PHC Certificates and distributes proceeds to holders of the various security interests. The senior securities are paid contractual principal and interest at a variable or fixed rate, depending on the terms of the security. As the holder of the residual interest, we are entitled to any remaining principal and interest after payment of all trust-related fees (i.e. trustee fees, remarketing agent fees, liquidity provider fees, etc.). Specific risks generally associated with these asset securitization programs include the following:

Changes in interest rates can adversely affect the cost of the asset securitization financing.

The interest rates payable on certain securities reset periodically based on the weekly Securities Industry and Financial Markets Association ("SIFMA") floating index usually tied to interest rates on short-term instruments. In addition, because the senior securities may typically be tendered back to the trust, causing the trust to remarket the senior securities from time to time, an increase in interest rates may require an increase to the interest rate paid on the senior securities in order to successfully remarket these securities. Any increase in the interest rate payable on the senior securities will result in more of the underlying interest being used to pay interest on the senior securities leaving less interest available to us. Higher short-term interest rates will reduce, and could even eliminate, our return on a residual interest in this type of financing.

Payments on our residual interests are subordinate to payments on the senior securities and to payment of all trust-related fees.

Our residual interests are subordinate to the senior securities and payment of all trust-related fees. As a result, none of the interest received by such a trust will be paid to us as the holder of a residual interest until all payments currently due on the senior securities have been paid in full and other trust expenses satisfied. As the holder of residual interests in these trusts, we can look only to the assets of the trust remaining after payment of these senior obligations for payment on the residual interests. No third party guarantees the payment of any amount on our residual interests.

Termination of an asset securitization financing can occur for many reasons which could result in the liquidation of the securitized assets and result in additional losses.

In general, the trust or other special purpose entity formed for an asset securitization financing can terminate for many different reasons relating to problems with the assets or problems with the trust itself. Problems with the assets that could cause the trust to collapse include payment or other defaults or a determination that the interest on the assets is taxable. Problems with a trust include a downgrade in the investment rating of the senior securities that it has issued, a ratings downgrade of the liquidity provider for the trust, increases in short term interest rates in excess of the interest paid on the underlying assets, an inability to remarket the senior securities or an inability to obtain credit or liquidity for the trust. In each of these cases, the trust will be collapsed and the MRBs and other collateral held by the trusts will be sold. If the proceeds from the sale of the trust collateral are not sufficient to pay the principal amount of the senior securities plus accrued interest and the other trust expenses then we will be required, through our guarantee of the trusts, to fund any such shortfall. The Partnership, as holder of the residual interest in the trust, may lose our investment in the residual interest and realize additional losses to fully repay senior trust obligations.

An insolvency or receivership of the program sponsor could impair our ability to recover the assets and other collateral pledged by it in connection with a bond securitization financing.

In the event the sponsor of an asset securitization financing program becomes insolvent, it could be placed in receivership. In that situation, it is possible that we would not be able to recover the investment assets or othe r collateral pledged in connection with the securitization financing or that we will not receive all payments due on the residual interests.

A reduction in the rating of PHC Certificates below investment grade would result in the liquidation of the investment in the related TOB Trusts.

Our investment in PHC Certificates is made pursuant to the provision of our Amended and Restated LP Agreement that allows investments in securities that are not MRBs backed by multifamily housing projects provided that these alternative securities are rated investment grade in one of the four highest rating categories by at least one nationally recognized securities rating agency and provide what we expect and believe to be tax-exempt income. In the event the investment rating of any of the PHC Certificates held by a PHC TOB Trust was reduced to less than investment grade, the trustee of the TOB Trust has no obligation to divest of that securitized asset. Accordingly, we would be required to liquidate our residual participating interests (referred to herein as "LIFERS") in that TOB Trust or liquidate the TOB Trust entirely. The TOB Trusts have no obligation to purchase the LIFERS and there is no established trading market for the LIFERS. Likewise, if we liquidate the TOB Trust, any downgrade in the investment rating of the PHC Certificates will likely decrease the value of the investment. The Partnership may not be able to divest its position in these LIFERS or terminate the TOB Trusts without incurring a material loss.

We are subject to various risks associated with our derivative agreements.

We purchase derivative instruments to mitigate some, but not all, of our exposure to rising interest rates. There is no assurance these instruments will fully insulate us from any adverse financial consequences resulting from rising interest rates. In addition, our risks from derivative instruments include the following:

- The costs to purchase our derivative instruments may not be recovered over the term of the derivative.
- The counterparty may be unable to perform its obligations to us under the instrument.
- If a liquid secondary market does not exist for these instruments, we may be required to maintain a derivative position until exercise or expiration, which could result in losses to us.

We are required to record the fair value of our derivative instruments on our financial statements with changes recorded in current earnings. This can result in significant period to period volatility in our reported net income over the term of these instruments.

Risks Related to Ownership of Beneficial Unit Certificates and Series A Preferred Units

Cash distributions from us may change at the discretion of the Partnership's general partner.

The amount of the cash per BUC distributed by the Partnership may increase or decrease at the determination of the Partnership's general partner based on its assessment of the amount of cash available to us for this purpose, as well as other factors it deems to be relevant. We may supplement our cash available for distribution with unrestricted cash and unless we can increase our cash receipts through completion of our current investment plans, we may need to reduce the level of cash distributions per BUC from the current level. In addition, there is no assurance that we will be able to maintain our current level of annual cash distributions per BUC even if we complete our current investment plans. Any change in our distribution policy could have a material adverse effect on the market price of our BUCs.

Any future issuances of additional BUCs could cause their market value to decline.

We may issue additional BUCs from time to time to raise additional equity capital. The issuance of additional BUCs will cause dilution of the existing BUCs and may cause a decrease in the market price of the BUCs.

Holders of Series A Preferred Units have extremely limited voting rights.

The voting rights of a holder of Series A Preferred Units is extremely limited. Our BUCs are the only class of our partnership interests carrying full voting rights.

Holders of Series A Preferred Units may have liability to repay distributions.

Under certain circumstances, holders of the Series A Preferred Units may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution if the distribution would cause the Partnership's liabilities to exceed the fair value of its assets. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the Partnership are not counted for purposes of determining whether a distribution is permitted.

Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. A purchaser of Series A Preferred Units who becomes a limited partner is liable for the obligations of the transferring limited partner to make contributions to the Partnership that are known to such purchaser of Series A Preferred Units at the time it became a limited partner and for unknown obligations if the liabilities could be determined from our Amended and Restated LP Agreement.

The assets held by the Partnership may not be considered qualified investments under the CRA by the bank regulatory authorities.

In most cases, "qualified investments," as defined by the CRA, are required to be responsive to the community development needs of a financial institution's delineated CRA assessment area or a broader statewide or regional area that includes the institution's assessment area. For an institution to receive CRA credit with respect to the Series A Preferred Units, the Partnership must hold CRA qualifying investments that relate to the institution's assessment area.

As defined in the CRA, qualified investments are any lawful investments, deposits, membership shares, or grants that have as their primary purpose community development. The term "community development" is defined in the CRA as: (1) affordable housing (including multifamily rental housing) for low- to moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 C.F.R. §121.802(a)(2) and (3) or have gross annual revenues of $1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies designated by the federal banking regulators.

Investments are not typically designated as qualifying investments at the time of issuance by any governmental agency. Accordingly, the General Partner must evaluate whether each potential investment may be qualifying investments with respect to a specific Unitholder. The final determinations that assets held by the Partnership are qualifying investments are made by the federal and, where applicable, state bank supervisory agencies during their periodic examinations of financial institutions. There is no assurance that the agencies will concur with the General Partner's evaluation of any of the Partnership's assets as qualifying investments.

Each holder of Series A Preferred Units is a limited partner of the Partnership, not just of the investments in its Designated Target Region(s). The financial returns on an investor's investment will be determined based on the performance of all the assets in the Partnership's geographically diverse portfolio, not just by the performance of the assets in the Designated Target Region(s) selected by the investor.

In determining whether a particular investment is qualified, the General Partner will assess whether the investment has as its primary purpose community development. The General Partner will consider whether the investment: (1) provides affordable housing for low- to moderate-income individuals; (2) provides community services targeted to low- to moderate-income individuals; (3) funds activities that (a) finance businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs or have annual revenues of $1 million or less and (b) promote economic development; or (4) funds activities that revitalize or stabilize low- to moderate-income areas. For institutions whose primary regulator is the Federal Reserve Board ("FRB), Office of the Comptroller of the Currency ("OCC"), or Federal Deposit Insurance Corporation ("FDIC"), the General Partner may also consider whether an investment revitalizes or stabilizes a designated disaster area, or an area designated by those agencies as a distressed or underserved non-metropolitan middle-income area.

An activity may be deemed to promote economic development if it supports permanent job creation, retention, and/or improvement for persons who are currently low- to moderate-income, or supports permanent job creation, retention, and/or improvement in low- to moderate-income areas targeted for redevelopment by federal, state, local, or tribal governments. Activities that revitalize or stabilize a low- to moderate-income geography are activities that help attract and retain businesses and residents. The General Partner maintains documentation, readily available to a financial institution or an examiner, supporting its determination that a Partnership asset is a qualifying investment for CRA purposes.

Obligations of U.S. Government agencies, authorities, instrumentalities, and sponsored enterprises (such as Fannie Mae and Freddie Mac) have historically involved little risk of loss of principal if held to maturity. However, the maximum potential liability of the issuers of some of these securities may greatly exceed their current resources and no assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so contractually or by law.

The investment in the Series A Preferred Units is not a deposit or obligation of, or insured or guaranteed by, any entity or person, including the U.S. Government and the FDIC. The value of the Partnership's assets will vary, reflecting changes in market conditions, interest rates, and other political and economic factors. There is no assurance that the Partnership can achieve its investment objective, since all investments are inherently subject to market risk. There also can be no assurance that either the Partnership's investments or Series A Preferred Units of the Partnership will receive investment test credit under the CRA.

Under certain circumstances, investors may not receive CRA credit for their investment in the Series A Preferred Units.

The CRA requires the three federal bank supervisory agencies, the FRB, the OCC, and the FDIC, to encourage the institutions they regulate to help meet the credit needs of their local communities, including low- and moderate-income neighborhoods. Each agency has promulgated rules for evaluating and rating an institution's CRA performance which, as the following summary indicates, vary according to an institution's asset size. An institution's CRA performance can also be adversely affected by evidence of discriminatory credit practices regardless of its asset size.

For an institution to receive CRA credit with respect to an investment in the Series A Preferred Units, the Partnership must hold CRA-qualifying investments that relate to the institution's delineated CRA assessment area. The Partnership expects that an investment in its Series A Preferred Units will be considered a qualified investment under the CRA, but neither the Partnership nor the General Partner has received an interpretative letter from the Federal Financial Institutions Examination Council ('FFIEC") stating that an investment in the Partnership is considered eligible for regulatory credit under the CRA. Moreover, there is no guarantee that future changes to the CRA or future interpretations by the FFIEC will not affect the continuing eligibility of the Partnership's investments. So that the Partnership itself may be considered a qualified investment, the Partnership will seek to invest only in investments that meet the prevailing community investing standards put forth by U.S. regulatory agencies.

In this regard, the Partnership expects that a majority of its investments will be considered eligible for regulatory credit under the CRA, but there is no guarantee that an investor will receive CRA credit for its investment in the Series A Preferred Units. For example, a state banking regulator may not consider the Partnership eligible for regulatory credit. If CRA credit is not given, there is a risk that an investor may not fulfill its CRA requirements.

The Partnership's portfolio investment decisions may create CRA strategy risks.

Portfolio investment decisions take into account the Partnership's goal of holding MRBs and other securities in designated geographic areas and will not be exclusively based on the investment characteristics of such assets, which may or may not have an adverse effect on the Partnership's investment performance. CRA qualified assets in geographic areas sought by the Partnership may not provide as favorable return as CRA qualified assets in other geographic areas. The Partnership may sell assets for reasons relating to CRA qualification at times when such sales may not be desirable and may hold short-term investments that produce relatively low yields pending the selection of long-term investments believed to be CRA-qualified.

The Series A Preferred Units are subordinated to existing and future debt obligations, and the interests could be diluted by the issuance of additional units, including additional Series A Preferred Units, and by other transactions.

The Series A Preferred Units are subordinated to all existing and future indebtedness, including indebtedness outstanding under any senior bank credit facility. The Partnership may incur additional debt under its senior bank credit facility or future credit facilities. The payment of principal and interest on its debt reduces cash available for distribution to Unitholders, including the Series A Preferred Units.

The issuance of additional units pari passu with or senior to the Series A Preferred Units would dilute the interests of the holders of the Series A Preferred Units, and any issuance of senior securities, parity securities, or additional indebtedness could affect the Partnership's ability to pay distributions on or redeem the Series A Preferred Units.

Holders of the Series A Preferred Units may be required to bear the risks of an investment for an indefinite period of time.

Holders of the Series A Preferred Units may be required to bear the financial risks of an investment in the Series A Preferred Units for an indefinite period of time. In addition, the Series A Preferred Units will rank junior to all Partnership current and future indebtedness (including indebtedness outstanding under the Partnership's senior bank credit facility) and other liabilities, and any other senior securities we may issue in the future with respect to assets available to satisfy claims against the Partnership.

There is no public market for the Series A Preferred Units, which may prevent an investor from liquidating its investment.

The Series A Preferred Units were offered in a private placement and the Partnership did not register the Series A Preferred Units with the SEC or any state securities commission. The Series A Preferred Units may not be resold unless the Partnership registers the securities with the SEC or an exemption from the registration requirement is available. It is not expected that any market for the Series A Preferred Units will develop or be sustained in the future. The lack of any public market for the Series A Preferred Units severely limits the ability to liquidate the investment, except for the right to put the Series A Preferred Units to the Partnership under certain circumstances.

Market interest rates may adversely affect the value of the Series A Preferred Units.

One of the factors that will influence the value of the Series A Preferred Units will be the distribution rate on the Series A Preferred Units (as a percentage of the price of the units) relative to market interest rates. An increase in market interest rates, which continue to remain at low levels relative to historical rates even with the FRB's recent interest rate increases, may lower the value of the Series A Preferred Units and also would likely increase the Partnership's borrowing costs.

Risks Related to Income Taxes

Not all the income received by us is exempt from taxation.

Income from our property loans, MF Properties, Investments in Unconsolidated Entities and taxable MRBs and related gains or losses on sale are subject to federal and state income taxes. Furthermore, income and gains generated by assets within a wholly-owned subsidiary (the "Greens Hold Co") and its subsidiaries are subject to federal, state and local incomes as the Greens Hold Co is a "C" corporation for income tax purposes.

To the extent we generate taxable income, Unitholders will be subject to income taxes on this income, whether or not they receive cash distributions.

As a partnership, our Unitholders will be individually liable for income tax on their proportionate share of any taxable income realized by us, whether or not we make cash distributions.

There are limits on the ability of our Unitholders to deduct Partnership losses and expenses allocated to them.

The ability of Unitholders to deduct their proportionate share of the losses and expenses generated by us will be limited in certain cases, and certain transactions may result in the triggering of the Alternative Minimum Tax for Unitholders who are individuals.

Unitholders may incur tax liability if any of the interest on our MRBs or PHC Certificates is determined to be taxable.

In each MRB transaction, the governmental issuer, as well as the underlying borrower, has covenanted and agreed to comply with all applicable legal and regulatory requirements necessary to establish and maintain the tax-exempt status of interest earned on the MRBs. Failure to comply with such requirements may cause interest on the related issue of bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance, regardless of when such noncompliance occurs. Should the interest income on an MRB be deemed to be taxable, the bond documents include a variety of rights and remedies that we have concluded would help mitigate the economic impact of taxation of the interest income on the affected bonds. Under such circumstances, we would enforce all of such rights and remedies as set forth in the related bond documents as well as any other rights and remedies available under applicable law. In addition, in the event the tax-exemption of interest income on any MRB is challenged by the IRS, we would participate in the tax and legal proceedings to contest any such challenge and would, under appropriate circumstances, appeal any adverse final determinations. The loss of tax-exemption for any particular issue of bonds would not, in and of itself, result in the loss of tax-exemption for any unrelated issue of bonds. However, the loss of such tax-exemption could result in the distribution to our Unitholders of taxable income relating to such bonds.

Certain of our MRBs bear interest at rates which may have included contingent interest. Payment of the contingent interest depends on the amount of net cash flow generated by the property, net proceeds realized from the refinancing or sale of the property securing the bond. Due to this contingent interest feature, an issue may arise as to whether the relationship between the property owner and the Partnership is that of debtor and creditor or whether we are engaged in a partnership or joint venture with the property owner. If the IRS were to determine that these MRBs represented an equity investment in the underlying property, the interest paid to us could be viewed as a taxable return on such investment and would not qualify as tax-exempt interest for federal income tax purposes.

In addition, we have, and may in the future, obtain debt financing through asset securitization programs in which we place MRBs and PHC Certificates into trusts and are entitled to a share of the interest received by the trust on these bonds after the payment of interest on senior securities and related expenses issued by the trust. It is possible that the characterization of our residual interest in such a securitization trust could be challenged and the income that we receive through these instruments could be treated as ordinary taxable income includable in our gross income for federal tax purposes.

If we are determined to be an association taxable as a corporation, it will have adverse economic consequences for us and our Unitholders.

We have determined to be treated as a partnership for federal income tax purposes. The purpose of this determination is to eliminate federal and state income tax liability for us and allow us to pass through our interest income which we expect and believe to be tax-exempt to our Unitholders so that they are not subject to federal income tax on this income. If our treatment as a partnership for tax purposes is successfully challenged, we would be classified as an association taxable as a corporation. This would result in the Partnership being taxed on its taxable income, if any, and, in addition, would result in all cash distributions made by us to Unitholders being treated as taxable dividend income to the extent of our earnings and profits. The payment of these dividends would not be deductible by us. The listing of our BUCs for trading on the NASDAQ causes us to be treated as a "publicly traded partnership" under Section 7704 of the Internal Revenue Code. A publicly traded partnership is generally taxable as a corporation unless 90% or more of its gross income is "qualifying" income. Qualifying income includes interest, dividends, real property rents, gain from the sale or other disposition of real property, gain from the sale or other disposition of capital assets held to produce interest or dividends, and certain other items. We expect and believe that substantially all of our gross income will continue to be tax-exempt interest income on our MRBs, but there can be no assurance that will be the case. While we believe that all of this interest income is qualifying income, it is possible that some or all of our income could be determined not to be qualifying income. In such a case, if more than ten percent of our annual gross income in any year is not qualifying income, we will be taxable as a corporation rather than a partnership for federal income tax purposes. We have not received, and do not intend to seek, a ruling from the Internal Revenue Service regarding our status as a partnership for tax purposes.

Risks Related to Governmental, Regulatory and Other Matters

We are not registered under the Investment Company Act.

We are not required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act") because we operate under an exemption therefrom. As a result, none of the protections of the Investment Company Act (such as provisions relating to disinterested directors, custody requirements for securities, and regulation of the relationship between a fund and its advisor) will be applicable to us.

Any downgrade, or anticipated downgrade, of U.S. sovereign credit ratings or the credit ratings of the U.S. Government-sponsored entities (GSEs) by the various credit rating agencies may materially adversely affect our business.

Our TEBS financing facilities are an integral part of our business strategy and those financings are dependent upon an investment grade rating of Freddie Mac. If Freddie Mac were downgraded to below investment grade, it would have a negative effect on our ability to finance our MRB portfolio on a longer-term basis and could negatively impact our cash flows from operations and our ability to continue distributions at current levels.

The federal conservatorship of Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Freddie Mac and the U.S. Government, may materially adversely affect our business.

The problems faced by Fannie Mae and Freddie Mac commencing in 2008 resulting in them being placed into federal conservatorship and receiving significant U.S. Government support have sparked serious debate among federal policy makers regarding the continued role of the U.S. Government in providing liquidity and credit enhancement for mortgage loans. The Trump administration has publicly indicated a desire to reform Fannie Mae and Freddie Mac, including their relationship with the federal government. As a result, the future roles of Fannie Mae and Freddie Mac are likely to be reduced (perhaps significantly) and the nature of their guarantee obligations could be considerably limited relative to historical measurements. Alternatively, it is still possible that Fannie Mae and Freddie Mac could be dissolved entirely or privatized, and, as mentioned above, the U.S. Government could determine to stop providing liquidity support of any kind to the mortgage market. Any changes to the nature of the GSEs or their guarantee obligations could have broad adverse implications for the market and our business, operations and financial condition. If Fannie Mae or Freddie Mac were to be eliminated, or their structures were to change radically (i.e., limitation or removal of the guarantee obligation), our ability to utilize TEBS Financings facilities would be materially and adversely impacted.

Delay, reduction, or elimination of appropriations from the U.S. Department of Housing and Urban Development can result in payment defaults on our investments in PHC Trusts.

We have acquired residual interests (LIFERS) in three PHC TOB Trusts, which, in turn, hold PHC Certificates that have been issued by three PHC Trusts which hold custodial receipts evidencing loans made to numerous public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities solely out of annual appropriations to be made to the public housing authorities by HUD under HUD's Capital Fund Program. Annual appropriations for the Capital Fund Program must be determined by Congress each year, and there is no assurance that Congress will continue to make such appropriations at current levels or at all. If Congress fails to continue to make annual appropriations for the Capital Fund Program at or near current levels, or there is a delay in the approval of appropriations, the public housing authorities may not have funds from which to pay principal and interest on the loans underlying the PHC Certificates. The failure of public housing authorities to pay principal and interest on these loans will reduce or eliminate the payments received by us from the PHC TOB Trusts.

We are increasingly dependent on information technology, and potential disruption, cyber-attacks, security problems, and expanding social media vehicles present new risks.

We are increasingly dependent on information technology networks and systems, including the Internet, to process, transmit, and store electronic and financial information, to manage and support a variety of business processes and activities, and to comply with regulatory, legal, and tax requirements. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and to maintain and protect the related automated and manual control processes, we could be subject to business disruptions or damage resulting from security breaches. If any of our information technology systems suffer severe damage, disruption, or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, our revenues, financial condition, and results of operations may be materially and adversely affected. We could also experience delays in reporting our financial results. In addition, we may be negatively impacted by business interruption, litigation, and reputational damages from leakage of confidential information or from systems conversions when, and if, they occur in the normal course of business.

The inappropriate use of certain media could cause brand damage or information leakage. Negative posts or comments about the Partnership on any social networking web site could seriously damage its reputation. In addition, the disclosure of non-public information through external media channels could have a negative impact to the Partnership. Identifying new points of entry as social media continues to expand presents new challenges. Any business interruptions or damage to our reputation could negatively impact our financial condition, results of operations, and the market price of our BUCs.

The Partnership faces legislative and regulatory risks in connection with its assets and operations, including under the CRA.

Many aspects of the Partnership's investment objectives are directly affected by the national and local legal and regulatory environments. Changes in laws, regulations, or the interpretation of regulations could all pose risks to the successful realization of the Partnership's investment objectives.

It is not known what changes, if any, may be made to the CRA in the future and what impact these changes could have on regulators or the various states that have their own versions of the CRA. Changes in the CRA might affect Partnership operations and might pose a risk to the successful realization of the Partnership's investment objectives. Repeal of the CRA would significantly reduce the attractiveness of an investment in the Partnership's Series A Preferred Units for regulated investors. There is no guarantee that an investor will receive CRA credit for its investment in the Series A Preferred Units.

Item 1B. Unresolved Staff Comments.

None

Item 2. Pr operties.

The Partnership conducts its business operations from and maintains its executive offices at 1004 Farnam Street, Omaha, Nebraska 68102. This property is owned by Burlington and the Partnership believes that this property is adequate to meet its business needs for the foreseeable future.

Each of the Partnership's MRBs are collateralized by the Residential Properties or commercial property. The Partnership may have property loans that are also collateralized by the Residential Properties but does not hold title or any other interest in these properties.

As of December 31, 2018, the Partnership owned the Suite on Paseo and The 50/50 MF Properties and certain land held for development. The Partnership's Real Estate Assets are reported within the MF Properties segment and are summarized as follows:

Real Estate Assets as of December 31, 2018

Property Name	Location	Number of Units	Land and Land Improvements	Buildings and Improvements	Carrying Value
Suites on Paseo	San Diego, CA	384	$ 3,195,468	$ 38,961,163	$ 42,156,631
The 50/50 MF Property	Lincoln, NE	475	-	32,935,907	32,935,907
Land held for development	(1)	(1)	1,776,197	-	1,776,197
					$ 76,868,735
Less accumulated depreciation					(12,272,387)
Total real estate assets					$ 64,596,348

(1) Land held for development consists of parcels of land in Johnson County, KS and Richland County, SC and land development costs for a site in Omaha, NE.

Item 3. Legal Proceedings.

The Partnership is periodically involved in ordinary and routine litigation incidental to its business, including foreclosure actions relating to properties securing MRBs held by the Partnership. In our judgment, there are no material pending legal proceedings to which the Partnership is a party or to which any of the properties which collateralize the Partnership's MRBs are subject, in which a resolution is expected to have a material adverse effect on the Partnership's consolidated results of operations, cash flows, or financial condition.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities.

Market Information

The Partnership's BUCs trade on the NASDAQ Global Select Market under the trading symbol "ATAX."

Stockholder Information

As of December 31, 2018, we had 60,426,177 BUCs outstanding held by a total of approximately 12,000 holders of record. In addition, the Partnership also has outstanding unvested restricted unit awards ("RUA" or "RUAs") for 265,290 BUCs held by ten individuals as of December 31, 2018.

Distributions

Future distributions paid by the Partnership on the BUCs will be at the discretion of its General Partner and will be based upon financial, capital, and cash flow considerations. In addition, the holders of Series A Preferred Units are entitled to receive non-cumulative cash distributions, when, as, and if declared by the General Partner, out of funds legally available therefor, in accordance with the terms and in the amount set forth in the Amended and Restated LP Agreement. Distributions on the BUCs rank junior to distributions on the Series A Preferred Units, and, therefore, such distributions may be considered to be limited under certain circumstances. See Note 18 to the Partnership's consolidated financial statements for a further description of the Series A Preferred Units. The Partnership currently expects to continue to pay distributions on its Series A Preferred Units and BUCs in the future.

Equity Compensation Plan Information

The following table provides information with respect to compensation plans under which equity securities of the Partnership are currently authorized for issuance as of December 31, 2018:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average price of outstanding options, warrants, and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)	
Equity compensation plans approved by Unitholders	265,290	$ -	2,276,442	(1)
Equity compensation plan not approved by Unitholders	-	-	-	
Total	265,290	$ -	2,276,442	

(1) Represents the BUCs which remain available for future issuance under the America First Multifamily Investors, L. P. 2015 Equity Incentive Plan

Unregistered Sale of Equity Securities

The Partnership did not sell any BUCs in 2018, 2017, or 2016 that were not registered under the Securities Act of 1933, as amended. The Partnership sold 5,363,100 and 4,086,900 Series A Preferred Units for gross proceeds of approximately $53.6 million and $40.9 million during 2017 and 2016, respectively. There were no sales of Series A Preferred Units in 2018. The Partnership used the proceeds to acquire MRBs and other allowable investments provided for in the Amended and Restated LP Agreement.

The Partnership did not repurchase any outstanding BUCs during the fourth quarter of 2018.

Item 6. Selected Financial Data.

Set forth below is selected consolidated financial data for the Partnership, its subsidiaries, and its consolidated variable interest entities ("VIEs") as of and for the years ended December 31, 2018 through 2014. Item 6 should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report and the Partnership's consolidated financial statements and notes filed in Item 8 of this Report.

	For the Years Ended December 31,				
	2018	2017	2016	2015	2014
Consolidated Balance Sheet Summary Information:					
Mortgage revenue bonds, at fair value	$ 86,894,562	$ 77,971,208	$ 90,016,872	$ 47,366,656	$ 70,601,045
Mortgage revenue bonds held in trust, at fair value	$ 645,258,873	$ 710,867,447	$ 590,194,179	$ 536,316,481	$ 378,423,092
Public housing capital fund trusts, at fair value	$ 48,672,086	$ 49,641,588	$ 57,158,068	$ 60,707,290	$ 61,263,123
Real estate assets, net	$ 64,596,348	$ 76,692,192	$ 114,226,600	$ 141,017,390	$ 110,351,512
Investments in unconsolidated entities	$ 76,534,306	$ 39,608,927	$ 19,470,006	$ -	$ -
Total assets	$ 982,713,246	$ 1,069,767,999	$ 944,113,674	$ 867,110,483	$ 739,823,986
Total debt, net	$ 568,777,140	$ 643,868,521	$ 606,579,212	$ 538,241,290	$ 417,651,603
Redeemable Series A Preferred Units, net	$ 94,350,376	$ 94,314,326	$ 40,788,034	$ -	$ -
Consolidated Statements of Operations Summary Information:					
Total revenues	$ 81,355,576	$ 70,381,545	$ 58,978,750	$ 59,953,291	$ 41,941,023
Total expenses	(48,092,660)	(51,452,851)	(44,316,480)	(41,667,575)	(30,666,380)
Gains and losses on sales	6,955,516	17,753,303	14,080,414	4,599,109	3,701,772
Income tax benefit (expense)	921,097	(6,019,146)	(4,959,000)	-	-
Income from continuing operations	41,139,529	30,662,851	23,783,684	22,884,825	14,976,415
Income from discontinued operations	-	-	-	3,721,397	52,773
Net income	41,139,529	30,662,851	23,783,684	26,606,222	15,029,188
Less: net (loss) income attributable to noncontrolling interest	-	71,653	(823)	(2,801)	(4,673)
Partnership net income	41,139,529	30,591,198	23,784,507	26,609,023	15,033,861
Redeemable Series A Preferred Unit distribution and accretion	(2,871,050)	(1,982,538)	(583,407)	-	-
Net income available to Partners	38,268,479	28,608,660	23,201,100	26,609,023	15,033,861
Less: General Partners' interest in net income	2,285,943	2,140,074	2,992,106	2,474,274	1,056,316
Less: Unallocated gain (loss) of Consolidated Property VIEs	-	-	-	3,721,397	(635,560)
BUC holders' interest in net income	$ 35,982,536	$ 26,468,586	$ 20,208,994	$ 20,413,352	$ 14,613,105
Income from continuing operations	$ 0.60	$ 0.44	$ 0.34	$ 0.34	$ 0.25
Income from discontinued operations	-	-	-	-	-
BUC holders' interest in net income per BUC (basic and diluted)	$ 0.60	$ 0.44	$ 0.34	$ 0.34	$ 0.25
Distributions declared, per BUC	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.50
Weighted average number of BUCs outstanding, basic	60,028,120	59,895,229	60,182,264	60,252,928	59,431,010
Weighted average number of BUCs outstanding, diluted	60,028,120	59,895,229	60,182,264	60,252,928	59,431,010

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

In this Management's Discussion and Analysis, all references to "we," "us," and the "Partnership" refer to America First Multifamily Investors, L.P., its consolidated subsidiaries, and consolidated variable interest entities ("VIEs") as of December 31, 2018.

Executive Summary

We were formed for the primary purpose of acquiring a portfolio of MRBs that are issued by state and local housing authorities to provide construction and/or permanent financing for affordable multifamily and student housing (collectively "Residential Properties"), and commercial properties in their market areas. We expect and believe the interest received on these bonds is excludable from gross income for federal income tax purposes. We may also invest in other types of securities and investments that may or may not be secured by real estate to the extent allowed by the Partnership's Amended and Restated LP Agreement.

The Partnership includes the assets, liabilities, and results of operations of the Partnership, our wholly-owned subsidiaries and consolidated VIEs. All significant transactions and accounts between us and the consolidated VIEs have been eliminated in consolidation. See Note 2 to the Partnership's consolidated financial statements for additional details.

As of December 31, 2018, we have four reportable segments: (1) Mortgage Revenue Bond Investments, (2) Public Housing Capital Fund Trust, (3) MF Properties, and (4) Other Investments. In the first quarter of 2016, the Partnership sold its remaining three mortgage-backed securities ("MBS Securities") and eliminated the MBS Securities Investment reportable segment. The Partnership separately reports its consolidation and elimination information because it does not allocate certain items to the segments. See Notes 2 and 23 to the Partnership's consolidated financial statements for additional details.

Mortgage Revenue Bond Investments Segment

As of December 31, 2018, we owned 77 MRBs with an aggregate outstanding principal amount of $677.7 million. The majority of these bonds were issued by various state and local housing authorities to provide construction and/or permanent financing for 63 Residential Properties containing a total of 10,650 rental units located in 13 states in the United States. Each MRB related to a Residential Property is secured by a mortgage or deed of trust. One MRB is secured by a mortgage on the ground, facilities, and equipment of a commercial ancillary health care facility in Tennessee.

As of December 31, 2017, we owned 87 MRBs with an aggregate outstanding principal amount of $719.8 million. The majority of these bonds were issued by various state and local housing authorities in order to provide construction and/or permanent financing for 63 Residential Properties containing a total of 10,666 rental units located in 14 states in the United States. Each MRB related to a Residential Property is secured by a mortgage or deed of trust. One MRB is secured by ground, facility, and equipment of a commercial ancillary health care facility in Tennessee.

The following table compares total revenues, interest expense and net income for the Mortgage Revenue Bond Investments segment for the periods indicated (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
Mortgage Revenue Bond Investments								
Total revenues	$ 57,625	$ 49,100	$ 8,525	17.4 %	$ 49,100	$ 36,673	$ 12,427	33.9 %
Interest expense	$ 20,688	$ 18,705	$ 1,983	10.6 %	$ 18,705	$ 11,905	$ 6,800	57.1 %
Net income	$ 22,048	$ 15,439	$ 6,609	42.8 %	$ 15,439	$ 11,756	$ 3,683	31.3 %

The following table summarizes the segment's net interest income, average balances, and related yields earned on interest-earning assets and incurred on interest-bearing liabilities, as well as other income included in total revenues. The net of interest income from interest-earning assets and interest expense for interest-bearing liabilities is the segment's net interest income. The average balances are based primarily on monthly averages during the respective periods. All amounts are in thousands.

	For the Years Ended December 31,								
	2018			2017			2016		
	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/ Paid
Interest-earning assets:									
Mortgage revenue bonds	$ 701,585	$ 43,517	6.2%	$ 695,176	$ 42,171	6.1%	$ 542,320	$ 33,268	6.1%
Property loans	11,874	5,170	43.5%(1)	15,404	2,409	15.6%(2)	15,944	641	4.0%
Other investments	2,676	651	24.3%(3)	3,959	548	13.8%(4)	4,308	397	9.2%
Total interest-earning assets	$ 716,135	$ 49,338	6.9%	$ 714,539	$ 45,128	6.3%	$ 562,572	$ 34,306	6.1%
Contingent interest income		4,246			3,147			2,021	
Early MRB redemption income		3,768			624			-	
Non-investment income		273			201			346	
Total revenues		$ 57,625			$ 49,100			$ 36,673	
Interest-bearing liabilities:									
Unsecured & secured lines of credit	$ 41,052	$ 2,059	5.0%	$ 16,445	$ 539	3.3%	$ 24,295	$ 874	3.6%
Fixed TEBS financing	85,131	3,631	4.3%	-	-	N/A	-	-	N/A
Variable TEBS financing	189,011	5,772	3.1%	231,207	5,613	2.4%	238,893	4,848	2.0%
Fixed Term A/B & TOB financing	236,085	9,329	4.0%	309,201	12,211	3.9%	166,345	6,128	3.7%
Derivative fair value adjustments	N/A	(103)	N/A	N/A	342	N/A	N/A	55	N/A
Total interest-bearing liabilities	$ 551,279	$ 20,688	3.8%	$ 556,853	$ 18,705	3.4%	$ 429,533	$ 11,905	2.8%
Net interest income		$ 28,650	4.0%		$ 26,423	3.7%		$ 22,401	4.0%

(1) Interest income includes approximately $4.6 million of other interest income from Lake Forest property loans. The property loans were in non-accrual status prior to the sale of the Lake Forest property in September 2018.
(2) Interest income includes approximately $1.7 million of other interest income from Ashley Square property loans. The property loans were in non-accrual status prior to the sale of the Ashley Square property in November 2017.
(3) Interest income includes approximately $354,000 of other interest income that is non-recurring.
(4) Interest income includes approximately $204,000 of other interest income that is non-recurring.

The following table summarizes the change in interest income and interest expense between periods and the extent to which that variance is attributable to 1) changes in the volume of interest-earning assets and interest-bearing liabilities, or 2) changes in the interest rates of the assets and liabilities. All amounts are in thousands.

	2018 vs. 2017			2017 vs. 2016		
	Total Change	Volume $ Change	Rate $ Change	Total Change	Volume $ Change	Rate $ Change
Interest-earning assets:						
Mortgage revenue bonds	$ 1,346	$ 389	$ 957	$ 8,903	$ 9,377	$ (474)
Property loans	2,761	(158)	2,919	1,768	(22)	1,790
Other investments	103	(178)	281	151	(32)	183
Total interest-earning assets	$ 4,210	$ 53	$ 4,157	$ 10,822	$ 9,323	$ 1,499
Interest-bearing liabilities:						
Unsecured & secured lines of credit	$ 1,520	$ 807	$ 713	$ (335)	$ (282)	$ (53)
Fixed TEBS financing(1)	3,631	3,631	-	-	-	-
Variable TEBS financing	159	(1,024)	1,183	765	(156)	921
Fixed Term A/B & TOB financing	(2,882)	(2,888) (1)	6	6,083	5,263 (2)	820
Derivative fair value adjustments	(445)	N/A	(445)	287	N/A	287
Total interest-bearing liabilities	$ 1,983	$ 526	$ 1,457	$ 6,800	$ 4,825	$ 1,975
Net interest income	$ 2,227	$ (473)	$ 2,700	$ 4,022	$ 4,498	$ (476)

(1) The fixed-rate M45 TEBS Financing closed in August 2018 through the securitization of 25 MRBs. Of the 25 MRBs included in the financing, 24 MRBs were in Term A/B Trusts that were collapsed prior to the closing of the M45 TEBS Financing.
(2) The Partnership closed 19 new Term A/B Trust Financings during 2017 secured by various MRBs.

Comparison of the years ended December 31, 2018 and 2017

The net increase in total revenues between 2018 and 2017 is detailed in the tables above. Further discussion of specific changes is as follows:

- An increase of approximately $1.1 million in contingent interest. We realized additional contingent interest of approximately $4.0 million related to the Lake Forest MRB in 2018 as compared to 2017. This increase was offset by contingent interest of approximately $2.9 million related to the Ashley Square MRB realized in 2017 that did not recur in 2018;
- An increase of approximately $2.8 million in other interest income related to property loan redemptions. We recognized approximately $4.5 million of additional other interest income on the Lake Forest property loans in 2018 as compared to 2017, primarily in connection with the sale of the underlying property in September 2018. This increase was offset by approximately $1.7 million of other interest income received on Ashley Square property loans in connection with the sale of the underlying property in 2017, which did not recur in 2018. Both the Lake Forest and Ashley Square property loans were in non-accrual status prior to the sale of the underlying properties; and
- An increase of approximately $3.1 million of other income recognized on the redemption of MRBs. We realized other income upon redemption of the Vantage at Judson and Lake Forest MRBs totaling approximately $3.8 million in 2018. This increase was offset by approximately $624,000 of other income recognized upon redemption of the Avistar at Chase Hill and Vantage at Harlingen MRBs in 2017, which did not recur in 2018.

The net increase in interest expense between 2018 and 2017 is due to rate and volume changes detailed in the tables above.

The increase in net income between 2018 and 2017 was due to the increases in total revenues and interest expense described above, in addition to the following factor:

- Amortization of deferred financing costs decreased approximately $668,000, primarily due to the full amortization of the M24 TEBS Financing costs in September 2017 (the initial maturity date) and amortization associated with a secured line of credit that matured in March 2017 that did not recur in 2018.

Comparison of the years ended December 31, 2017 and 2016

The net increase in total revenues between 2017 and 2016 was due to the following factors:

- An increase of approximately $1.1 million in contingent interest. We realized additional contingent interest of approximately $2.5 million related to the Lake Forest and Ashley Square MRBs in 2017 as compared to 2016, primarily due to cash proceeds on redemption of the Ashley Square MRB in 2017. This increase was offset by approximately $1.4 million of excess cash proceeds from the sale of the property underlying the Foundation for Affordable Housing property loan, which did not recur in 2017;
- Approximately $1.7 million of other interest income received on the Ashley Square property loans in connection with the sale of the underlying property in the fourth quarter of 2017. The Ashley Square property loans were in non-accrual status during 2016, so there was no interest income for these property loans in 2016; and
- Approximately $624,000 of other income related to early redemptions of the MRBs for Vantage at Harlingen and Avistar at Chase Hill during the fourth quarter of 2017. No such income was recognized in 2016.

The net increase in interest expense between 2017 and 2016 is due to rate and volume changes detailed in the tables above.

The increase in net income between 2017 and 2016 was due to the increases in total revenues and interest expense described above, in addition to the following factors:

- Amortization of deferred financing costs increased approximately $463,000 due to costs associated with Term A/B Trusts, mainly those created in September 2016 and February 2017; and
- General and administrative expenses increased approximately $1.3 million due to increased salary, benefits and RUA compensation expense, increased approximately $858,000 from additional administrative fees on new investments in 2016 and 2017, offset by a decrease of approximately $287,000 in board and professional expenses.

Public Housing Capital Fund Trust Segment

The PHC Certificates within this segment consist of custodial receipts evidencing loans made to public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities out of annual appropriations to be made to the public housing authorities by HUD under HUD's Capital Fund Program.

The following table compares total revenues, interest expense and net income for the PHC Trusts segment for the periods indicated (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
Public Housing Capital Fund Trust								
Total revenues	$ 2,479	$ 2,952	$ (473)	-16.0%	$ 2,952	$ 2,888	$ 64	2.2%
Interest expense	$ 932	$ 1,350	$ (418)	-31.0%	$ 1,350	$ 1,350	$ -	0.0%
Net income	$ 406	$ 840	$ (434)	-51.7%	$ 840	$ 1,538	$ (698)	-45.4%

Comparison of the years ended December 31, 2018 and 2017

Total revenues decreased from 2017 to 2018 due to principal reductions of the PHC Certificates of approximately $702,000 and $6.0 million during the 2018 and 2017, respectively.

Total interest expense decreased from 2017 to 2018 due to fair value adjustments on our interest rate swaps, net of cash payments, of approximately $519,000 in 2018, which was offset by increasing interest rates on the related variable rate TOB financings.

The decrease in net income between 2018 and 2017 was primarily due to an increase in impairment charges of approximately $379,000 in 2018 as compared to 2017.

Comparison of the years ended December 31, 2017 and 2016

Total revenues were consistent between 2017 and 2016.

Total interest expense was consistent between 2017 and 2016 due to offsetting factors. Interest expense decreased due to the fair value adjustments on our interest rate swaps, net of cash payments, of approximately $102,000 in 2017, which was offset by increasing interest rates on the related variable rate TOB financings. During 2017, we re-designated the interest rate swaps from the Mortgage Revenue Bond Investments segment to this segment as they were intended to mitigate interest rate risk for debt financings related to the PHC Certificates.

The decrease in net income between 2017 and 2016 was primarily due to an impairment charge of approximately $762,000 recognized in 2017. No such impairment was recognized in 2016.

MF Properties Segment

As of December 31, 2018, the Partnership owned the Suites on Paseo and The 50/50 MF Properties containing a total of 859 rental units.

As of December 31, 2017, the Partnership owned the Jade Park, Suites on Paseo, and The 50/50 MF Properties containing a total of 1,013 rental units.

The following table compares total revenues, gain on sales of real estate assets, total interest expense and net income for the MF Properties segment for the periods indicated (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
MF Properties								
Total revenues	$ 9,149	$ 13,678	$ (4,529)	-33.1%	$ 13,678	$ 17,404	$ (3,726)	-21.4%
Gain on sales of real estate assets, net	$ 4,051	$ 17,753	$ (13,702)	-77.2%	$ 17,753	$ 14,072	$ 3,681	26.2%
Interest expense	$ 1,570	$ 2,100	$ (530)	-25.2%	$ 2,100	$ 2,201	$ (101)	-4.6%
Net income	$ 3,677	$ 9,668	$ (5,991)	-62.0%	$ 9,668	$ 8,444	$ 1,224	14.5%

Comparison of the years ended December 31, 2018 and 2017

The net decrease in total revenues between 2018 and 2017 was due to the following factors:

- A decrease of approximately $4.4 million in property revenues due to sales of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties in 2017; and
- A decrease of approximately $184,000 in property revenues due to the sale of the Jade Park MF Property in September 2018.

The gain on sale of real estate assets in 2018 consists of approximately $4.1 million from the sale of the Jade Park MF Property in September 2018. The gain on sale of real estate assets in 2017 consists of total gains of approximately $17.8 million from the sales of Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties.

Total interest expense decreased between 2018 and 2017 primarily due to settlement of mortgages payable related to MF Properties sales in 2018 and 2017 as described above.

The decrease in net income was due to the changes in total revenues, gain on sales of real estate assets and interest expense described above. In addition, the following changes contributed to the change in net income:

- A decrease of approximately $2.5 million in real estate operating expenses and a decrease of approximately $1.5 million in depreciation and amortization expenses related to the sales of Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties in 2017, and sale of the Jade Park MF Property in 2018;
- A decrease of approximately $513,000 due to non-recurring repairs and maintenance and other expenses in 2017 that did not recur in 2018; and
- A decrease of approximately $6.9 million in income tax expense related to MF property sales and operations in the Greens Hold Co.

Comparison of the years ended December 31, 2017 and 2016

The net decrease in total revenues between 2017 and 2016 was due to the following factors:

- A decrease of approximately $4.4 million in revenue due to sales of the Northern View in March 2017, sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village in November 2017, and sales of the Arboretum and Woodland Park in 2016;
- An increase of approximately $1.0 million in revenue due to the acquisition of Jade Park in September 2016;
- A decrease of approximately $458,000 in revenue from declining occupancy at The 50/50 MF Property. The decline was due to low occupancy during the 2016-2017 academic year; and
- An increase of approximately $165,000 in other income for due diligence services provided in connection with the sales of MF properties during 2017. There were no such income items recognized in 2016.

The gains on sale of real estate assets in 2017 consist primarily of gains of approximately $7.2 million, $2.6 million, $5.2 million and $2.8 million from the sales of Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village, respectively. The gains on sale of MF Properties in 2016 consist of gains of approximately $12.4 million and $1.7 million from the sales of the Arboretum and Woodland Park, respectively.

Total interest expense between 2017 and 2016 decreased slightly due to settlement of mortgages payable at Residences of Weatherford, Residences of DeCordova, and Eagle Village upon sale of the properties in November 2017.

The net increase in net income was due to the changes in total revenues, gain on sales of real estate assets and interest expense described above. In addition, the following changes contributed to the change in net income:

- Increases of approximately $652,000 in real estate operating expenses and of approximately $330,000 in depreciation and amortization expenses related to the acquisition of Jade Park in September of 2016;
- Decreases of approximately $2.3 million in real estate operating expenses and approximately $1.5 million in depreciation and amortization expenses related to the sales of Northern View in March 2017, sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village in November 2017, and sales of the Arboretum and Woodland Park in 2016;

- An increase of approximately $628,000 in real estate operating expenses at The 50/50 and Suites on Paseo MF Properties. The increase at The 50/50 was related to one-time expenses incurred in 2017. The increase at Suites on Paseo relates primarily to a one-time refund of real estate taxes in 2016 that did not recur in 2017; and
- An increase of approximately $1.1 million in income tax expense related to MF property sales and operations in the Greens Hold Co.

Other Investments Segment

The Other Investments segment consists of the operations of ATAX Vantage Holdings, LLC, which holds noncontrolling equity investments in certain multifamily projects and issues property loans due from other multifamily projects.

The following table compares total revenues and net income for the Other Investments segment for the periods indicated (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
Other Investments								
Total revenues	$ 12,102	$ 4,652	$ 7,450	160.1 %	$ 4,652	$ 1,995	$ 2,657	133.2 %
Gain on sale of investment in an unconsolidated entity	$ 2,904	$ -	$ 2,904	100.0 %	$ -	$ -	$ -	N/A
Net income	$ 15,009	$ 4,645	$ 10,364	223.1 %	$ 4,645	$ 1,995	$ 2,650	132.8 %

Comparison of the years ended December 31, 2018 and 2017

The increase in total revenues between 2018 and 2017 was due to the following factors:

- An increase of approximately $2.4 million in investment interest income related to additional investments in unconsolidated entities during 2018 and 2017. We made investments in unconsolidated entities totaling approximately $41.5 million and $17.2 million in 2018 and 2017, respectively; and
- Contingent interest of approximately $5.1 million of cash proceeds received upon redemption of the Vantage at New Braunfels, LLC property loan in December 2018.

The gain on sale of investment in an unconsolidated entity was related to the sale of the Vantage at Corpus Christi property in December 2018.

The increase in net income between 2018 and 2017 was due to the increases in total revenues and gain on sale of investment in an unconsolidated entity described above.

Comparison of the years ended December 31, 2017 and 2016

The increases in total revenues and net income between 2017 and 2016 was due to the following factors:

- An increase of approximately $2.4 million in investment interest income related to additional investments in unconsolidated entities during 2017 and 2016. We made investments in unconsolidated entities of totaling approximately $17.2 million and $18.8 million in 2017 and 2016, respectively; and
- An increase of approximately $273,000 in investment interest income related to additional advances on the Vantage at Brooks, LLC and Vantage at New Braunfels, LLC property loans during 2017 and 2016.

Debt Financing

The following table summarizes the Partnership's debt financing, net of deferred financing costs, as of December 31, 2018:

	Outstanding Debt Financings as of December 31, 2018, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TEBS Financings								
Variable - M24	$ 41,466,000	$ 432,998	2010	September 2020	Weekly	1.76%	1.85%	3.61%
Variable - M31 (1)	80,418,505	181,626	2014	July 2019 (2)	Weekly	1.74%	1.49%	3.23%
Variable - M33 (1)	31,262,039	58,002	2015	July 2020 (3)	Weekly	1.74%	1.26%	3.00%
Fixed - M45 (4)	219,250,387	5,000	2018	July 2034	N/A	N/A	N/A	3.82%
TOB & Term A/B Trusts Securitization								
Variable - TOB (5)	37,620,000	-	2012	May 2019	Weekly	2.21%	1.67%	3.88%
Fixed - Term TOB (6)	46,675,413	-	2014	October 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B (6)	48,971,221	-	2017 - 2018	May 2019 - February 2027	N/A	N/A	N/A	4.46% - 4.53%
Total Debt Financings	$ 505,663,565							

(1) Facility fees have a variable component.
(2) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2024. If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.
(3) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2025. If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.
(4) The M45 TEBS has an initial interest rate of 3.82% through July 31, 2023. From August 1, 2023 through the stated maturity date, the interest rate is 4.39%. These rates are inclusive of credit enhancement fees payable to Freddie Mac.
(5) The variable TOB Financings are secured by the Partnership's three PHC Certificates.
(6) The following table summarizes the individual Term TOB and Term A/B Trust securitizations as of December 31, 2018:

	Outstanding Financing as of December 31, 2018, net	Year Acquired	Stated Maturity	Fixed Interest Rate
Fixed - Term TOB Securitization				
Live 929	$ 37,665,413	2014	October 2019	4.39%
Pro Nova 1	9,010,000	2014	October 2019	4.01%
Total Fixed Term TOB Financing\ Weighted Average Period End Rate	$ 46,675,413			4.31%
Term A/B Trusts Securitization				
Avistar at Wood Hollow - Series A	$ 26,860,337	2017	February 2027	4.46%
Avistar at Wilcrest - Series A	3,172,029	2017	February 2027	4.46%
Avistar at Copperfield - Series A	8,422,855	2017	February 2027	4.46%
Montecito at Williams Ranch - Series A	6,921,000	2018	May 2019	4.53%
Vineyard Gardens - Series A	3,595,000	2018	May 2019	4.53%
Total Fixed A/B Trust Financing\ Weighted Average Period End Rate	$ 48,971,221			4.47%

The following table summarizes the Partnership's debt financing, net of deferred financing costs, as of December 31, 2017:

	Outstanding Debt Financings as of December 31, 2017, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TEBS Financings								
Variable - M24	$ 55,468,000	$ 372,222	2010	September 2020	Weekly	1.79%	1.85%	3.64%
Variable - M31 (1)	81,003,688	176,685	2014	July 2019 (2)	Weekly	1.77%	1.39%	3.16%
Variable - M33 (1)	57,406,058	57,364	2015	July 2020 (3)	Weekly	1.77%	1.16%	2.93%
TOB & Term A/B Trusts Securitization								
Variable - TOB (4)	38,130,000	850,327	2012	May 2018	Weekly	2.24 - 2.29%	1.67%	3.91 - 3.96%
Fixed - Term TOB (5)	46,787,036	-	2014	October 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B (5)	279,533,565	-	2016 - 2017	June 2018 - November 2027	N/A	N/A	N/A	3.64% - 4.52%
Total Debt Financings	$ 558,328,347							

(1) Facility fees have a variable component.

(2) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2024 . If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(3) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2025. If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(4) The variable TOB Financings are secured by the Partnership's three PHC Certificates.

(5) The following table summarizes the individual Term TOB and Term A/B Trust securitizations as of December 31, 2017:

	Outstanding Financing as of December 31, 2017, net	Year Acquired	Stated Maturity	Fixed Interest Rate
Fixed - Term TOB Securitization				
Live 929	$ 37,777,036	2014	October 2019	4.39%
Pro Nova 1	9,010,000	2014	October 2019	4.01%
Total Fixed Term TOB Financing\ Weighted Average Period End Rate	$ 46,787,036			4.31%
Term A/B Trusts Securitization				
Willow Run	$ 10,029,289	2016	September 2026	3.64%
Columbia Gardens	10,172,857	2016	September 2026	3.64%
Concord at Little York	11,315,538	2016	September 2026	3.64%
Concord at Williamscrest	17,526,516	2016	September 2026	3.64%
Concord at Gulfgate	16,154,584	2016	September 2026	3.64%
Companion at Thornhill Apartment	9,608,733	2016	September 2026	3.64%
Seasons at Simi Valley Apartments	3,675,323	2016	September 2026	3.64%
Sycamore Walk	3,054,841	2016	September 2026	3.64%
Decatur-Angle Apartments	21,276,657	2016	September 2026	3.64%
Heights at 515	5,380,814	2016	September 2026	3.64%
Crossing at 1415	6,344,418	2016	September 2026	3.64%
Bruton Apartments	15,199,181	2016	September 2026	3.64%
15 West Apartments	8,326,731	2016	December 2026	3.64%
San Vicente - Series A	3,112,976	2017	February 2022	3.89%
San Vicente - Series B	1,545,930	2017	June 2018	3.76%
Las Palmas - Series A	1,507,389	2017	February 2022	3.89%
Las Palmas - Series B	1,494,702	2017	June 2018	3.76%
The Village at Madera - Series A	2,746,364	2017	February 2022	3.89%
The Village at Madera - Series B	1,455,570	2017	July 2018	3.76%
Harmony Court Bakersfield - Series A	3,322,157	2017	February 2022	3.89%
Summerhill - Series A	5,730,185	2017	February 2022	3.89%
Summerhill - Series B	2,855,809	2017	July 2018	3.76%
Courtyard - Series A	9,131,896	2017	February 2022	3.89%
Courtyard - Series B	5,272,090	2017	July 2018	3.76%
Seasons Lakewood - Series A	6,555,646	2017	February 2022	3.89%
Seasons Lakewood - Series B	4,453,076	2017	August 2018	3.76%
Seasons San Juan Capistrano - Series A	11,047,869	2017	February 2022	3.89%
Seasons San Juan Capistrano - Series B	5,564,539	2017	August 2018	3.76%
Avistar at Wood Hollow - Series A	26,838,000	2017	February 2027	4.46%
Avistar at Wilcrest - Series A	3,168,088	2017	February 2027	4.46%
Avistar at Copperfield - Series A	8,414,834	2017	February 2027	4.46%
Oaks at Georgetown - Series A	11,087,478	2017	March 2022	3.89%
Oaks at Georgetown - Series B	4,686,120	2017	August 2018	3.76%
Harmony Terrace - Series A	6,199,955	2017	March 2022	3.89%
Harmony Terrace - Series B	6,284,318	2017	August 2018	3.76%
Village at River's Edge	8,993,092	2017	November 2027	4.52%
Total Fixed A/B Trust Financing\ Weighted Average Period End Rate	$ 279,533,565			3.85%

The Partnership is required to meet certain covenants under the Master Trust Agreement. As of December 31, 2018, the most restrictive covenant requires that cash available to distribute plus interest expense for the trailing twelve months, must be at least twice the trailing twelve-month interest expense. As of December 31, 2018, the Partnership was in compliance with all covenants. If the Partnership were to be out of compliance with any of these covenants, it would trigger a termination event of the financing facilities.

See Item 7a, "Quantitative and Qualitative Disclosures about Market Risk" of this Report and Note 14 to the Partnership's consolidated financial statements for additional details.

Discussion of the Residential Properties Securing our Mortgage Revenue Bond Holdings and MF Properties as of December 31, 2018, 2017 and 2016

The following tables outline information regarding the Residential Properties on which we hold MRBs as investments. The tables also contain information about the MF Properties. The narrative discussion that follows provides a brief operating analysis of each category for the years ended December 31, 2018, 2017 and 2016.

Non-Consolidated Properties - Stabilized

The owners of the following properties either do not meet the definition of a VIE and/or we have evaluated and determined we are not the primary beneficiary of each VIE. As a result, we do not report the assets, liabilities and results of operations of these properties on a consolidated basis. For the year ended December 31, 2018, these Residential Properties have met the stabilization criteria (see footnote 3 below the table). Debt service on our MRBs for the non-consolidated stabilized properties was current as of December 31, 2018. The amounts presented below were obtained from records provided by the property owners and their related property management service providers.

Property Name	State	Number of Units as of December 31, 2018	Physical Occupancy[1] as of December 31, 2018	2017	2016	Economic Occupancy[2] for the Years Ended December 31, 2018	2017	2016
Non-Consolidated Properties-Stabilized[3]								
Glenview Apartments	CA	88	94 %	97 %	98 %	96 %	97 %	99 %
Harden Ranch	CA	100	98 %	100 %	98 %	96 %	98 %	99 %
Harmony Court Bakersfield	CA	96	97 %	99 %	95 %	96 %	94 %	96 %
Harmony Terrace[5]	CA	136	99 %	99 %	n/a	126 %	131 %	n/a
Las Palmas	CA	81	100 %	100 %	100 %	98 %	96 %	92 %
Montclair Apartments	CA	80	100 %	99 %	99 %	98 %	99 %	99 %
Montecito at Williams Ranch[6]	CA	132	98 %	98 %	n/a	93 %	93 %	n/a
San Vicente	CA	50	100 %	94 %	98 %	96 %	97 %	97 %
Santa Fe Apartments	CA	89	96 %	98 %	100 %	96 %	102 %	104 %
Seasons at Simi Valley	CA	69	100 %	99 %	100 %	119 %	125 %	135 %
Seasons Lakewood[5]	CA	85	100 %	99 %	n/a	102 %	107 %	n/a
Seasons San Juan Capistrano[5]	CA	112	100 %	96 %	n/a	99 %	98 %	n/a
Summerhill	CA	128	97 %	96 %	97 %	96 %	97 %	96 %
Sycamore Walk	CA	112	100 %	100 %	100 %	98 %	98 %	101 %
The Village at Madera	CA	75	96 %	95 %	99 %	97 %	96 %	99 %
Tyler Park Townhomes	CA	88	98 %	97 %	99 %	97 %	97 %	99 %
Vineyard Gardens[6]	CA	62	100 %	100 %	n/a	102 %	n/a	n/a
Westside Village Market	CA	81	100 %	100 %	99 %	100 %	100 %	101 %
Lake Forest Apartments[10]	FL	n/a	n/a	90 %	95 %	n/a	86 %	88 %
Ashley Square Apartments[8]	IA	n/a	n/a	n/a	92 %	n/a	n/a	91 %
Brookstone Apartments	IL	168	98 %	99 %	98 %	96 %	98 %	94 %
Copper Gate	IN	128	99 %	96 %	98 %	97 %	95 %	96 %
Renaissance Gateway	LA	208	95 %	96 %	97 %	94 %	96 %	103 %
Live 929 Apartments	MD	572	84 %	90 %	85 %	85 %	85 %	86 %
Woodlynn Village	MN	59	97 %	98 %	98 %	97 %	98 %	99 %
Greens of Pine Glen Apartments	NC	168	96 %	97 %	91 %	90 %	90 %	88 %
Silver Moon	NM	151	91 %	87 %	91 %	89 %	86 %	84 %
Village at Avalon[9]	NM	240	97 %	n/a	n/a	n/a	n/a	n/a
Ohio Properties[4]	OH	362	97 %	99 %	93 %	94 %	94 %	93 %
Bridle Ridge Apartments	SC	152	99 %	99 %	99 %	95 %	96 %	96 %
Columbia Gardens	SC	188	91 %	98 %	73 %	94 %	96 %	75 %
Companion at Thornhill Apartments	SC	179	100 %	99 %	95 %	87 %	87 %	83 %
Cross Creek Apartments	SC	144	93 %	96 %	97 %	89 %	93 %	95 %
Palms at Premier Park	SC	240	93 %	94 %	94 %	87 %	87 %	82 %
Village at River's Edge[7]	SC	124	100 %	100 %	n/a	98 %	100 %	n/a
Willow Run	SC	200	94 %	98 %	74 %	91 %	97 %	74 %
Arbors of Hickory Ridge[11]	TN	348	87 %	94 %	86 %	84 %	81 %	81 %
Avistar at Chase Hill[8]	TX	n/a	n/a	n/a	85 %	n/a	n/a	76 %
Avistar at the Crest	TX	200	94 %	91 %	95 %	76 %	78 %	81 %
Avistar at the Oaks	TX	156	96 %	93 %	94 %	85 %	86 %	86 %
Avistar at the Parkway	TX	236	86 %	92 %	89 %	77 %	75 %	59 %
Avistar in 09	TX	133	94 %	93 %	92 %	89 %	86 %	85 %
Avistar on the Boulevard	TX	344	93 %	90 %	89 %	82 %	79 %	81 %
Avistar on the Hills	TX	129	91 %	95 %	95 %	89 %	87 %	89 %
Bella Vista Apartments[10]	TX	n/a	n/a	92 %	92 %	n/a	91 %	94 %
Bruton Apartments	TX	264	95 %	85 %	97 %	86 %	86 %	42 %
Concord at Gulfgate	TX	288	91 %	93 %	98 %	85 %	88 %	86 %
Concord at Little York	TX	276	95 %	97 %	98 %	89 %	89 %	81 %
Concord at Williamcrest	TX	288	98 %	97 %	95 %	90 %	88 %	84 %
Crossing at 1415	TX	112	92 %	93 %	43 %	82 %	69 %	35 %
Decatur Angle	TX	302	92 %	94 %	95 %	80 %	86 %	69 %
Esperanza at Palo Alto[9]	TX	322	93 %	n/a	n/a	87 %	n/a	n/a
Heights at 515	TX	96	96 %	93 %	77 %	89 %	79 %	57 %
Heritage Square Apartments	TX	204	82 %	91 %	95 %	75 %	80 %	83 %
Oaks at Georgetown[5]	TX	192	95 %	93 %	n/a	92 %	83 %	n/a
Runnymede Apartments	TX	252	99 %	100 %	98 %	95 %	96 %	97 %
South Park Ranch Apartments	TX	192	97 %	99 %	100 %	93 %	96 %	97 %
Vantage at Harlingen[8]	TX	n/a	n/a	n/a	94 %	n/a	n/a	68 %
Vantage at Judson[10]	TX	n/a	n/a	92 %	91 %	n/a	87 %	83 %
15 West Apartments	WA	120	98 %	99 %	99 %	96 %	96 %	72 %
		9,401	94 %	95 %	92 %	90 %	90 %	83 %

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

(2) Economic occupancy is defined as the net rental income received di vided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.
(3) A property is considered stabilized once it reaches 90% physical occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service.
(4) We hold approximately $17.5 million of MRBs secured by the Ohio Properties. The Ohio Properties are: Crescent Village, located in Cincinnati, Ohio, Willow Bend, located in Columbus (Hilliard), Ohio and Postwoods, located in Reynoldsburg, Ohio.
(5) Certain previous period occupancy numbers are not available as these were new investments in 2016. Properties indicating n/a in 2016 did not have financial information available for 2016.
(6) Certain previous period occupancy numbers are not available as this was a new investment in 2017.
(7) The property relates to a forward bond purchase commitment that was executed in 2017. The property was considered stabilized when the MRB was acquired.
(8) The MRB associated with the property was redeemed during 2017, so the number of units and occupancy are not applicable as of and for the years ended December 31, 2018 and 2017.
(9) The property relates to a forward bond purchase commitment that was executed in 2018. The property was considered stabilized when the MRB was acquired.
(10) The MRB associated with the property was redeemed during 2018, so the number of units and occupancy are not applicable as of and for the year ended December 31, 2018.
(11) The economic occupancy reported for the year ended December 31, 2018 is based on the latest available financial information, which is as of September 30, 2018.

Overall physical and economic occupancy was consistent from 2017 to 2018.

Overall physical and economic occupancy increased from 2016 to 2017 primarily due to the stabilization of the Columbia Gardens, Willow Run, Heights at 515 and Crossing at 1415 properties during 2017. Economic occupancy also increased due to the lease-up of Bruton Apartments and Decatur Angle during 2017.

Non-Consolidated Properties - Not Stabilized

The owners of the following properties either do not meet the definition of a VIE or we have evaluated and determined we are not the primary beneficiary of each VIE. As a result, we do not report the assets, liabilities and results of operations of these properties on a consolidated basis. For the year ended December 31, 2018 these Residential Properties have not met the stabilization criteria (see footnote 3 below the table). As of December 31, 2018, debt service on our MRBs for the non-consolidated properties that are not stabilized was current. The amounts presented below were obtained from records provided by the property owners and their related property management service providers.

		Number of Units as of December 31,	Physical Occupancy (1) as of December 31,			Economic Occupancy (2) for the Years Ended December 31,		
Property Name	State	2018	2018	2017	2016	2018	2017	2016
Non-Consolidated Properties-Non Stabilized (3)								
Courtyard Apartments	CA	108	97%	100%	100%	99%	100%	101%
Solano Vista (6)	CA	96	97%	n/a	n/a	n/a	n/a	n/a
Rosewood Townhomes (5)	SC	100	75%	93%	n/a	70%	n/a	n/a
South Pointe Apartments (5)	SC	256	70%	98%	n/a	72%	n/a	n/a
Avistar at Copperfield (4)	TX	192	96%	81%	n/a	85%	64%	n/a
Avistar at Wilcrest (4)	TX	88	92%	74%	n/a	79%	57%	n/a
Avistar at Wood Hollow (4)	TX	409	96%	70%	n/a	84%	70%	n/a
		1,249	89%	83%	100%	82%	73%	101%

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.
(2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.
(3) During 2017, these properties were under construction or renovation. As such, these properties are not considered stabilized as they have not met the criteria for stabilization. Stabilization is generally defined as 90% physical occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service.
(4) Certain previous period occupancy numbers are not available as this was a new investment in 2017.
(5) Certain previous period occupancy numbers are not available as this were new investment in the fourth quarter of 2017.
(6) Certain previous period occupancy numbers are not available as this was a new investment in 2018.

The increase in overall physical and economic occupancy from 2017 to 2018 was due to the completion of rehabilitations and lease-up of Avistar at Copperfield, Avistar at Wilcrest and Avistar at Wood Hollow during 2018. The increase in overall physical occupancy was somewhat offset by temporary declines in occupancy at Rosewood Townhomes and South Pointe Apartments as the properties go through rehabilitation.

Physical and economic occupancy decreased from 2016 to 2017 due to the addition of the Avistar at Copperfield, Avistar at Wilcrest and Avistar at Wood Hollow during 2017. These properties began major rehabilitations during 2017, which will temporarily decrease occupancy.

MF Properties

As of December 31, 2018, we owned two MF Properties. We report the assets, liabilities, and results of operations of these properties on a consolidated basis. For the year ended December 31, 2018, both MF Properties met the stabilization criteria (see footnote 3 below the table). The MF properties are encumbered by mortgage loans with an aggregate principal balance of $27.6 million as of December 31, 2018. Debt service on our mortgage payables was current as of December 31, 2018.

		Number of Units as of December 31,	Physical Occupancy (1) as of December 31,			Economic Occupancy (2) for the Years Ended December 31,		
Property Name	State	2018	2018	2017	2016	2018	2017	2016
MF Properties-Stabilized (3)								
Suites on Paseo	CA	384	91%	91%	96%	91%	94%	80%
Jade Park (5)	FL	n/a	n/a	91%	89%	n/a	81%	83%
Eagle Village (4)	IN	n/a	n/a	n/a	80%	n/a	n/a	86%
Northern View (4)	KY	n/a	n/a	n/a	100%	n/a	n/a	90%
The 50/50	NE	475	98%	97%	72%	83%	74%	96%
Residences of DeCordova (4)	TX	n/a	n/a	n/a	97%	n/a	n/a	93%
Residences of Weatherford (4)	TX	n/a	n/a	n/a	100%	n/a	n/a	101%
		859	95%	94%	87%	87%	84%	85%

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.
(2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.
(3) Stabilization is generally defined as 90% physical occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service for all MF Properties that are not student housing residential properties. Suites on Paseo, Eagle Village, Northern View, and The 50/50 MF Property are student housing residential properties.
(4) The property was sold during 2017, so unit and occupancy amounts are not applicable as of and for the years ended December 31, 2018 and 2017.
(5) The property was sold during 2018, so unit and occupancy amounts are not applicable as of and for the year ended December 31, 2018.

Overall physical occupancy was consistent from 2017 to 2018. Overall economic occupancy increased due to improving operations at The 50/50.

The overall increase in physical occupancy from 2016 to 2017 was due to a sharp increase in occupancy at The 50/50 during 2017, which was due to marketing and pricing changes implemented by the Partnership and Properties Management for fall 2017 lease-up. Overall economic occupancy was consistent from 2016 to 2017.

Results of Operations

The tables and following discussions of our change in total revenues, total expenses, and net income for the years ended December 31, 2018, 2017 and 2016, and should be read in conjunction with the Partnership's consolidated financial statements and notes thereto filed in Item 8 of this Report.

The following table compares revenue and other income for the Partnership for the periods presented (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
Revenues and Other Income:								
Property revenues	$ 9,075	$ 13,500	$ (4,425)	-32.8%	$ 13,500	$ 17,405	$ (3,905)	-22.4%
Investment income	51,480	48,225	3,255	6.7%	48,225	36,893	11,332	30.7%
Contingent interest income	9,323	3,147	6,176	196.3%	3,147	2,021	1,126	55.7%
Other interest income	7,636	4,682	2,954	63.1%	4,682	2,660	2,022	76.0%
Other income	3,842	828	3,014	364.0%	828	-	828	100.0%
Gain on sale of real estate assets, net	4,051	17,753	(13,702)	-77.2%	17,753	14,072	3,681	26.2%
Gain on sale of securities	-	-	-	N/A	-	8	(8)	N/A
Gain on sale of investment in an unconsolidated entity	2,904	-	2,904	100.0%	-	-	-	N/A
Total Revenues and Other Income	$ 88,311	$ 88,135	$ 176	0.2%	$ 88,135	$ 73,059	$ 15,076	20.6%

Discussion of the Total Revenues for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Property revenues. The net decrease in total revenue between 2018 and 2017 was due to the following factors:

- A decrease of approximately $4.4 million in revenue due to sales of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties in 2017; and
- A decrease of approximately $184,000 in revenue due to the sale of the Jade Park MF Property in September 2018.

Investment income. The net increase in investment income between 2018 and 2017 was due to the following factors:

- Increases of approximately $389,000 and $957,000 in investment income related to increasing MRB volume and interest rates, respectively. See discussion of volume and interest rate changes in the Mortgage Revenue Bond Investments segment previously included in Item 7;
- An increase of approximately $2.4 million in investment interest income related to additional investments in unconsolidated entities during 2018 and 2017. We made investments in unconsolidated entities totaling approximately $41.5 million and $17.2 million in 2018 and 2017, respectively; and
- An increase of approximately $354,000 of additional interest income recognized in 2018.

Contingent interest income. In 2018, we realized contingent interest of approximately $4.2 million of cash proceeds from redemption of the Lake Forest MRB and approximately $5.1 million realized upon redemption of the Vantage at New Braunfels, LLC property loan in December 2018. In 2017, we realized contingent interest of approximately $219,000 from excess cash flow on the Lake Forest MRB and approximately $2.9 million of cash proceeds from redemption of the Ashley Square MRB.

Other interest income. Other interest income is comprised mainly of interest income on taxable property loans held by us. The net increase between 2018 and 2017 was due to the following factors:

- An increase of approximately $4.5 million received on Lake Forest property loans in connection with the sale of the underlying property in September 2018. The Lake Forest property loans were in non-accrual status during 2017 and prior to redemption in 2018;
- A decrease of approximately $1.7 million received on Ashley Square property loans in connection with the sale of the underlying property in November 2017, which did not recur in 2018;
- A decrease of approximately $322,000 due to redemptions of taxable MRBs in the fourth quarter of 2017; and
- An increase of approximately $423,000 of additional interest income recognized in 2018.

Other income. Other income recognized in 2018 consists primarily of approximately $3.8 million related to early redemptions of the Lake Forest and Vantage at Judson MRBs during 2018. Other income recognized in 2017 consists primarily of approximately $624,000 of fees related to early redemptions of the Vantage at Harlingen and Avistar at Chase Hill MRBs during the fourth quarter and approximately $191,000 of fees for due diligence services for sales of properties in 2017, neither of which recurred in 2018.

Gain on the sale of real estate assets. The gain on sale of real estate assets in 2018 consists of approximately $4.1 million from the sale of the Jade Park MF Property in September 2018. The gain on sale real estate assets in 2017 consists of total gains of approximately $17.8 million from the sales of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties.

Gain on sale of investment in an unconsolidated entity. The gain on sale of investment in an unconsolidated entity of approximately $2.9 million was related to the sale of the Vantage at Corpus Christi property in December 2018.

Discussion of the Total Revenues for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Property revenues. The net decrease in total revenue between 2017 and 2016 was due to the following factors:

- A decrease of approximately $4.4 million in revenue due to sales of the Northern View in March 2017, sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village in November 2017, and sales of the Arboretum and Woodland Park in 2016;
- An increase of approximately $1.0 million in revenue due to the acquisition of Jade Park in September 2016; and
- A decrease of approximately $458,000 in revenue from declining occupancy at The 50/50 MF Property. The decline was due to low occupancy during the 2016-2017 academic year. Physical occupancy was approximately 97% at December 31, 2017 as compared to 72% at December 31, 2016.

Investment income. The net increase in investment income between 2017 and 2016 was comprised of the following factors:

- An increase of approximately $9.4 million related to increasing MRB volume and a decrease of approximately $474,000 of investment income due to decreasing MRB interest rates, respectively. See discussion of volume and interest rate changes in the Mortgage Revenue Bond Investments segment previously included in Item 7; and
- An increase of approximately $2.4 million in investment income from investments in unconsolidated entities.

Contingent interest income. In 2017, we realized contingent interest of approximately $219,000 from excess cash flow on the Lake Forest MRB and approximately $2.9 million of cash proceeds from redemption of the Ashley Square MRB. In 2016, we realized contingent interest of approximately $642,000 from excess cash flow on the Ashley Square and Lake Forest MRBs and approximately $1.4 million on excess cash proceeds from the sale of the property underlying the Foundation for Affordable Housing property loan.

Other interest income. Other interest income is comprised mainly of interest income on taxable property loans held by us. The net increase between 2017 and 2016 was due to the following factors:

- An increase of approximately $273,000 from property loans to the Vantage at Brooks and Vantage at Braunfels multifamily development projects due to additional advances in 2016 and 2017; and
- Approximately $1.7 million of other interest income received on the Ashley Square property loans in connection with the sale of the underlying property in the fourth quarter of 2017. The Ashley Square property loans were in non-accrual status during 2016, so there was no interest income for these property loans in 2016.

Other income. Other income recognized in 2017 consists of approximately $624,000 of fees related to early redemptions of the Vantage at Harlingen and Avistar at Chase Hill MRBs during the fourth quarter, and approximately $191,000 of fees for due diligence services for sales of properties in 2017. There was no other income reported for 2016.

Gain on the sale of real estate assets. The gains on sale of MF Properties in 2017 consists primarily of gains of approximately $7.2 million, $2.6 million, $5.2 million and $2.8 million from the sales of Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village, respectively. The gains on sale of MF Properties in 2016 consist of gains of approximately $12.4 million and $1.7 million from the sales of the Arboretum and Woodland Park, respectively.

Gain on sale of securities. The gain on sale of securities for 2016 was from the sale of the Pro Nova 2014-2 MRB.

The following table compares Partnership expenses for the periods presented (amounts in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2018	2017	$ Change	% Change	2017	2016	$ Change	% Change
Expenses:								
Real estate operating (exclusive of items shown below)	$ 5,300	$ 8,228	$ (2,928)	-35.6%	$ 8,228	$ 9,223	$ (995)	-10.8%
Impairment of securities	1,141	762	379	49.7%	762	-	762	100.0%
Impairment charge on real estate assets	150	-	150	100.0%	-	62	(62)	N/A
Depreciation and amortization	3,556	5,213	(1,657)	-31.8%	5,213	6,863	(1,650)	-24.0%
Amortization of deferred financing costs	1,673	2,325	(652)	-28.0%	2,325	1,863	462	24.8%
Interest expense	23,190	22,155	1,035	4.7%	22,155	15,470	6,685	43.2%
General and administrative	13,083	12,770	313	2.5%	12,770	10,835	1,935	17.9%
Total Expenses	$ 48,093	$ 51,453	$ (3,360)	-6.5%	$ 51,453	$ 44,316	$ 7,137	16.1%

Discussion of the Total Expenses for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Real estate operating expenses. Real estate operating expenses associated with the MF Properties are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses is fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. The overall decrease in real estate operating expenses between 2018 and 2017 was due to the following factors:

- A decrease of approximately $2.3 million due to sales of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties in 2017;
- A decrease of approximately $394,000 due to the sale of the Jade Park MF Property in September 2018; and
- A decrease of approximately $513,000 due to non-recurring capital improvement and other expenses in 2017 that did not recur in 2018.

Impairment of securities. The increase in impairment of securities from 2017 to 2018 was due to decreases in the fair value of the PHC Certificates.

Impairment charge on real estate assets. The impairment charge in 2018 was related to land held for development in Gardner, KS. There were no such impairment charges in 2017.

Depreciation and amortization expense. Depreciation results primarily from the MF Properties. Amortization consists of in-place lease intangible assets recorded as part of the acquisition-method of accounting. The overall decrease in depreciation and amortization expenses between 2018 and 2017 was due to the following factors:

- A decrease of approximately $1.4 million in depreciation expense due to sales of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties in 2017;
- A decrease of approximately $162,000 in depreciation expense due to the sale of the Jade Park MF Property in September 2018; and
- A decrease of approximately $232,000 in in-place lease amortization due to full amortization of in-place leases at Jade Park in the first quarter of 2017.

Amortization of deferred financing costs. The overall decrease in amortization of deferred financing costs between 2018 and 2017 was due to the following factors:

- A decrease of approximately $203,000 in amortization related to a secured line of credit that matured in March 2017 and was not renewed; and
- A decrease of approximately $346,000 in amortization related to the M24 TEBS Financing. All deferred financing costs related to the M24 TEBS Financing were amortized over the original term and prior to extension of the facility in September 2017.

Interest expense. The net increase in interest expense between 2018 and 2017 was due to the following factors:

- An increase of approximately $2.2 million due to an increase in interest rates on variable-rate financings;
- A decrease of approximately $176,000 due to slightly lower average principal outstanding; and
- A decrease of approximately $964,000 related to fair value adjustments to interest rate derivatives, net of cash paid.

General and administrative expenses. The overall increase in general and administrative expenses between 2018 and 2017 was due to an increase of approximately $869,000 in salary, benefits and RUA compensation expense, and an increase of approximately $144,000 in additional administrative fees on new investments in 2017 and 2018, offset by a decrease of approximately $864,000 in professional expenses.

Discussion of the Total Expenses for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Real estate operating expenses. Real estate operating expenses associated with the MF Properties is comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. A portion of real estate operating expenses is fixed in nature, thus a decrease in physical and economic occupancy would result in a reduction in operating margins. Conversely, as physical and economic occupancy increase, the fixed nature of these expenses will increase operating margins as these real estate operating expenses would not increase at the same rate as rental revenues. The overall decrease in real estate operating expenses between 2017 and 2016 was due to the following factors:

- An increase of approximately $652,000 in real estate operating expenses related to the acquisition of Jade Park in September of 2016;
- A decrease of approximately $2.3 million in real estate operating expenses related to the sales of Northern View in March 2017, sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village in November 2017, and sales of the Arboretum and Woodland Park in 2016; and
- An increase of approximately $628,000 in real estate operating expenses at The 50/50 and Suites on Paseo MF Properties. The increase at The 50/50 was related to one-time expenses incurred in 2017. The increase at Suites on Paseo was related primarily to a one-time refund of real estate taxes in 2016 that did not recur in 2017.

Impairment of securities. The impairment of securities for 2017 related to decreases in the fair value of the PHC Certificates. There were no such impairment charges in 2016.

Impairment charge on real estate assets. The impairment charge in 2016 was related to land held for development in St. Petersburg, FL. There was no such impairment charge in 2017.

Depreciation and amortization expense. Depreciation results primarily from the MF Properties. Amortization consists of in-place lease intangible assets recorded as part of the acquisition-method of accounting. The overall decrease in depreciation and amortization expenses between 2017 and 2016 was due to the following factors:

- An increase of approximately $330,000 in depreciation related to the acquisition of Jade Park in September 2016;
- A decrease of approximately $614,000 in amortization related to Suites on Paseo in-place leases in 2016 that did not recur in 2017; and
- A decrease of approximately $1.5 million in expenses related to the sale of the Northern View in March 2017, sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village in November 2017, and sales of the Arboretum and Woodland Park in 2016.

Amortization of deferred financing costs. The overall increase in amortization of deferred financing costs between 2017 and 2016 was due to $463,000 of increased amortization related to Term A/B Trust Financings. The increase was due primarily to the addition of new Term A/B Trusts in September 2016 and February 2017.

Interest expense. The increase in interest expense between 2017 and 2016 was due to the following factors:

- An increase of approximately $2.4 million due to an increase in interest rates on variable-rate financings and new fixed-rate borrowings in 2017 at rates higher than borrowings outstanding during 2016;
- An increase of approximately $4.2 million due to higher average principal outstanding, due predominantly to new Term A/B Trust financings originated in 2017; and
- An increase of approximately $185,000 related to fair value adjustments to interest rate derivatives, net of cash paid.

General and administrative expenses. The overall increase in general and administrative expenses between 2017 and 2016 was due an increase of approximately $1.3 million in salary, benefits and RUA compensation expense, an increase of approximately $858,000 in additional administrative fees on new investments in 2016 and 2017, offset by a decrease of approximately $287,000 in board and professional expenses.

Discussion of Income Tax Benefit (Expense) for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

A wholly-owned subsidiary of the Partnership, the Greens Hold Co, is a corporation subject to federal and state income tax. The Greens Hold Co owns controlling equity interests in certain MF Properties and certain property loans.

The income tax benefit recognized in 2018 was a result of minimal taxable income during the year and return-to-provision adjustments for differences between estimated 2017 taxes and the final tax returns. The gain on sale of the Jade Park MF Property in September 2018 did not generate taxable income as it was not owned by the Greens Hold Co.

The income tax expense recognized in 2017 was the result of gains on sale of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties owned by the Greens Hold Co.

Liquidity and Capital Resources

Our short-term liquidity requirements over the next 12 months will be primarily for distribution payments, operational expenses, debt servicing (principal and/or interest payments) and maturities of debt financings and mortgages payable. We expect to meet these liquidity requirements primarily using cash on hand and operating cash flows from our investments and MF Properties. We expect to refinance our debt financings and mortgages payable maturing within the next 12 months with the same or similar lenders prior to maturity.

Our long-term liquidity requirements will be primarily for maturities of debt financings and mortgages payable and additional investments in MRBs and unconsolidated entities. We expect to meet these liquidity requirements primarily through refinancing of maturing debt financing with the same or similar lenders, principal and interest proceeds from investments in MRBs and PHCs, proceeds from asset sales and redemptions, and the issuance of additional BUCs and Series A Preferred Units.

Sources of Liquidity

The Partnership's principal sources of liquidity consist of:

- Operating cash flows from investments in MRBs, PHCs, property loans and investments in unconsolidated entities;
- Net operating cash flows from MF Properties;
- Unsecured lines of credit;
- Issuances of BUCs and Series A Preferred Units; and
- Proceeds from the sale of assets.

Operating Cash Flows from Investments

Cash flows from operations are primarily comprised of regular, fixed-rate interest payments received on our MRBs, PHC Certificates and property loans that provide consistent cash receipts throughout the year. The Partnership also receives distributions from Investments in Unconsolidated Entities if, and when, cash is available for distribution to the underlying investees. Receipt of cash from our investments in MRBs, property loans and investments in unconsolidated entities is dependent upon the generation of net cash flows at multifamily properties that underlie our investments. These underlying properties are subject to risks usually associated with direct investments in multifamily real estate, which include (but are not limited to) reduced occupancy, tenant defaults, falling rental rates, and increasing operating expenses. Receipt of cash from our PHCs is payable from annual appropriations to be made to the public housing authorities by HUD under HUD's Capital Fund Program. There is risk that annual appropriations will be reduced, delayed or eliminated, which may make the PHCs unable to pay principal and interest.

Net Operating Cash Flows from MF Properties

Cash flows generated by MF Properties, net of operating and mortgage service payments, are considered to be unrestricted for use by the Partnership. The MF properties are subject to risks usually associated with direct investments in multifamily real estate, which include (but are not limited to) reduced occupancy, tenant defaults, falling rental rates, and increasing operating expenses.

Unsecured Lines of Credit

We continue to maintain two unsecured lines of credit with a financial institution. Our unsecured operating line of credit allows for the advance of up to $10.0 million to be used for general operations. We are required to make repayments of the principal to reduce the outstanding principal balance on the operating line to zero for fifteen consecutive days during each calendar quarter. We fulfilled this requirement during the quarter ended December 31, 2018. In addition, we have fulfilled this requirement for the first quarter of 2019. We have $10.0 million available on the operating line of credit at December 31, 2018.

Our unsecured non-operating line of credit allows for the advance of up to $50.0 million and may be utilized for the purchase of multifamily real estate and taxable or tax-exempt MRBs. Advances on this unsecured line of credit are due on the 270th day following the advance date but may be extended by making certain payments for up to an additional 270 days. The unsecured non-operating line of credit contains a covenant, among others, that the Partnership's ratio of the lender's senior debt will not exceed a specified percentage of the market value of the Partnership's assets, as defined in the Credit Agreement. The Partnership is in compliance with all covenants at December 31, 2018. We anticipate paying off the balances on our unsecured non-operating line of credit by entering into fixed-rate debt financing arrangements, to be secured with the previously acquired MRBs or multifamily real estate. We have approximately $14.3 million available on the unsecured non-operating line of credit at December 31, 2018.

Issuances of BUCs and Series A Preferred Units

As of December 31, 2018, we had an effective Registration Statement on file with the SEC to sell up to $225.0 million of BUCs. From time to time, we may issue BUCs under this Registration Statement to invest in additional MRBs and unconsolidated entities, fund the repayment of debt financing maturities or for other general purposes. The Partnership has approximately $222.0 million of BUCs available to be issued under the Registration Statement as of December 31, 2018. This Registration Statement expires in November 2019, and the Partnership expects to file a new shelf registration statement with the SEC prior to the expiration of the current Registration Statement, which upon effectiveness will permit the Partnership to issue BUCs thereunder for an additional three-year period.

In August 2018, the Partnership initiated an "at the market offering" to sell up to $75.0 million of BUCs at prevailing market prices on the date of sale. The Partnership sold 310,519 BUCs under the program for net proceeds of approximately $1.8 million, net of issuance costs, during the year ended December 31, 2018. The program was terminated effective February 8, 2019. Management will consider initiating future "at the market offerings" as it deems appropriate.

The Partnership is authorized to issue Series A Preferred Units under the Amended and Restated LP Agreement. As of December 31, 2018, we have issued 9,450,000 Series A Preferred Units for gross proceeds of approximately $94.5 million to five financial institutions. The Series A Preferred Units were issued under a private placement memorandum that was terminated as of October 25, 2017. The Partnership did not issue any Series A Preferred Units during the year ended December 31, 2018. The Partnership may conduct additional private offerings of Series A Preferred Units in the future to supplement its cash flow needs, if the General Partner deems such offerings to be necessary and otherwise consistent with the Partnership's strategic initiatives.

Proceeds from the Sale of Assets

We may, from time to time, sell our investments in MRBs, PHCs, investments in unconsolidated entities and MF Properties on a basis consistent with our strategic plans. Our ability to dispose of such investments on favorable terms is dependent upon a number of factors including (but not limited to) the availability of credit to potential buyers to purchase investments at prices we consider acceptable. In addition, potential adverse changes to general market and economic conditions could negatively impact our future ability to sell our investments.

Uses of Liquidity

Our principal uses of liquidity consist of:

- General, administrative and operating expenses;
- Distributions paid to holders of Series A Preferred Units and BUCs;
- Investments in additional MRBs and unconsolidated entities;
- Debt service on debt financing and mortgages payable; and
- Other contractual obligations.

General, Administrative and Operating Expenses

We use cash for general and administrative expenses of the Partnership's operations. For additional details, see Item 1A, "Risk Factors" and Item 8, Cash Flows from Operating Activities section of the Partnership's consolidated statements of cash flows.

Distributions Paid to Holders of Series A Preferred Units and BUCs

Distributions to the holders of Series A Preferred Units, if declared by the General Partner, are paid at a fixed rate of 3.0% annually. The Series A Preferred Units are non-cumulative, non-voting and non-convertible.

We have paid total annual distributions of $0.50 per BUC, payable quarterly, during the years ended December 31, 2018, 2017 and 2016. Distributions to the BUC holders may increase or decrease at the determination of the General Partner based on its determination of cash available for distribution and other factors deemed relevant by the General Partner.

Investments in Additional MRBs and Unconsolidated Entities

Our overall strategy is to continue to increase our investment in quality multifamily projects through either the acquisition of MRBs or direct equity investments in both existing and new markets. We evaluate investment opportunities based on (but not limited to) our market outlook, including general economic conditions, development opportunities and long-term growth potential. Our ability to make future investments is dependent upon identifying suitable acquisition and development opportunities, access to long-term liquidity sources, and the availability of investment capital.

Debt Service on Debt Financing and Mortgages Payable

Our debt financing arrangements consist of various secured financing transactions to leverage our portfolio of MRBs and PHC Certificates, and other investments. The financing arrangements generally involve the securitization of MRBs, PHC Certificates and other investments into trusts whereby we retain beneficial interests in the trusts that provide certain rights to the underlying investment assets. The senior beneficial interests are sold to unaffiliated parties with the residual interests retained by the Partnership. The senior beneficial interests require periodic interest payments that may be fixed or variable, depending on the terms of the arrangement, and scheduled principal payments. The Partnership is required to fund any shortfall in principal and interest payable to the senior beneficial interests. We anticipate that cash flows from the securitized assets will fund normal, recurring principal and interest payments to the senior beneficial interests.

Our mortgages payable and other secured financing arrangements are used to leverage our MF Properties. The mortgages and other secured financings are entered into with financial institutions and are secured by security interests in the MF Properties. The mortgages and other secured financings bear interest that may be fixed or variable, depending on the terms of the arrangement, and include scheduled principal payments. We anticipate that cash flows from the secured properties will be sufficient to pay all normal, recurring principal and interest payments.

We anticipate refinancing all debt financing and mortgage payable arrangements maturing in 2019 with similar arrangements of terms greater than one year. We typically refinance arrangements with existing lenders, assuming the terms are acceptable to the Partnership. We may also explore other financing options with Freddie Mac, Fannie Mae, other investment banks or other lenders in the market.

Other Contractual Obligations

We are subject to various guarantee obligations in the normal course of business, and, in most cases, do not anticipate these obligations to result in significant cash payments.

Leverage Ratio

We utilize leverage to enhance rates of return to our Unitholders. We use target ratios for each type of financing obligation utilized by us to manage an overall leverage constraint, established by the Board of Managers (the "Board") of Burlington, which is the general partner of the Partnership's general partner. The leverage utilized is dependent upon several factors, including, but not limited to, the assets being leveraged, the leverage program utilized, constraints of market collateral calls and the liquidity and marketability of the underlying collateral of the asset being leveraged. We define our leverage ratio as total outstanding debt divided by total assets using the carrying value of the MRBs, PHC Certificates, property loans, taxable MRBs, initial finance costs, and the MF Properties at cost. At December 31, 2018, our overall leverage ratio was approximately 60%.

Cash Flows

In 2018, we used $38.3 million of cash, which was the net result of $25.7 million provided by operating activities, $49.1 million provided by investing activities, and $113.1 million used in financing activities.

Cash provided by operating activities totaled $25.7 million in 2018, as compared to $17.1 million generated in 2017. The increase was mainly driven by increased net income, offset by gains on sales and contingent interest related to investing activities.

Cash provided by investing activities totaled $49.1 million in 2018, as compared to cash used of $26.3 million in 2017. The change was due to the following factors:

- A decrease in cash used to purchase MRBs of $79.6 million;
- An increase in principal payments and redemption proceeds received on MRBs and contingent interest of $35.0 million;
- An increase in net principal payments and contingent interest related to property loans of $18.7 million;
- An increase in cash from sale of investment in an unconsolidated entity of $11.0 million;
- An increase in cash contributed to unconsolidated entities and land held for development of $26.9 million; and
- A decrease in proceeds from sales of real estate assets of $36.1 million.

Cash used in financing activities totaled $113.1 million in 2018, as compared to cash provided of $53.2 million in 2017. The change is due primarily to a net decrease in cash from debt financings of $116.0 million and a decrease in proceeds from the issuance of Series A Preferred Units of $53.6 million as compared to 2017.

We believe our cash balance and cash provided by the sources discussed herein will be sufficient to pay, or refinance, our debt obligations and to meet our liquidity needs over the next 12 months.

Cash Available for Distribution

The Partnership believes that Cash Available for Distribution ("CAD") provides relevant information about the Partnership's operations and is necessary, along with net income, for understanding its operating results. To calculate CAD, the Partnership begins with net income and adds back non-cash expenses consisting of depreciation expense, amortization expense related to deferred financing costs, amortization of premiums and discounts, non-cash interest rate derivative expense or income, provision for loan losses, impairments on MRBs, PHC Certificates, real estate assets and property loans, deferred income taxes and RUA compensation expense, to the Partnership's net income as computed in accordance with GAAP. The Partnership also deducts Tier 2 income (see Note 3 to the Partnership's consolidated financial statements) distributable to the General Partner as defined in the Amended and Restated LP Agreement and Series A Preferred Unit distributions and accretion. Net income is the GAAP measure most comparable to CAD. There is no generally accepted methodology for computing CAD, and the Partnership's computation of CAD may not be comparable to CAD reported by other companies. Although the Partnership considers CAD to be a useful measure of the Partnership's operating performance, CAD is a non-GAAP measure that should not be considered as an alternative to net income that is calculated in accordance with GAAP, or any other measures of financial performance presented in accordance with GAAP.

Currently, cash distributions are made to the Partnership's BUC holders at an annual rate of $0.50 per BUC. The amount of the cash per BUC distributed may increase or decrease at the determination of AFCA 2 based on its assessment of the amount of cash available for this purpose. During the years ended December 31, 2018, 2017 and 2016, we generated CAD of $0.73, $0.60 and $0.50 per BUC, respectively. We believe that as we continue to implement our current investment plans, we will be able to continue to generate sufficient CAD to maintain cash distributions to BUC holders at the existing level of $0.50 per BUC per year without the use of other available cash. However, there is no assurance that we will be able to generate CAD at levels in excess of the current annual distribution rate, which could result in a reduced annual distribution rate per BUC.

The following tables show the calculation of CAD (and a reconciliation of the Partnership's net income (loss) as determined in accordance with GAAP to CAD) for the years ended December 31, 2018, 2017 and 2016.

	For the Years Ended December 31,		
	2018	2017	2016
Partnership net income	$ 41,139,529	$ 30,591,198	$ 23,784,507
Change in fair value of derivatives and interest rate derivative amortization	(724,579)	240,091	(17,618)
Depreciation and amortization expense	3,556,265	5,212,859	6,862,530
Impairment of securities	1,141,020	761,960	-
Impairment charge on real estate assets	150,000	-	61,506
Amortization of deferred financing costs	1,673,044	2,324,535	1,862,509
RUA compensation expense	1,822,525	1,615,242	833,142
Deferred income taxes	(242,235)	(400,000)	366,000
Redeemable Series A Preferred Unit distribution and accretion	(2,871,050)	(1,982,538)	(583,407)
Tier 2 Income distributable to the General Partner (1)	(2,062,118)	(1,994,518)	(2,858,650)
Bond purchase premium (discount) amortization (accretion), net of cash received	(14,633)	(270,048)	(106,439)
Total CAD	$ 43,567,768	$ 36,098,781	$ 30,204,080
Weighted average number of BUCs outstanding, basic	60,028,120	59,895,229	60,182,264
Net income per BUC, basic	$ 0.60	$ 0.44	$ 0.34
Total CAD per BUC, basic	$ 0.73	$ 0.60	$ 0.50
Distributions declared, per BUC	$ 0.50	$ 0.50	$ 0.50

(1) As described in Note 3 to the Partnership's consolidated financial statements, Net Interest Income representing contingent interest and Net Residual Proceeds representing contingent interest (Tier 2 income) will be distributed 75% to the BUC holders and 25% to the General Partner. This adjustment represents the 25% of Tier 2 income due to the General Partner.

- For the year ended December 31, 2018, we realized contingent interest of approximately $4.2 million on redemption of the Lake Forest MRB, contingent interest of approximately $5.1 million on redemption of the Vantage at New Braunfels, LLC property loan, a gain on sale of approximately $4.1 million related to the Jade Park MF Property, and a gain on sale of approximately $2.9 million related to the Partnership's investment in Vantage at Corpus Christi, LLC. These transactions are considered Tier 2 income up to a maximum amount allowed by the Amended and Restated LP Agreement and are distributed 25% to the General Partner. Tier 2 income is limited to 0.9% per annum of the principal amount of the MRBs and other investments on a cumulative basis. This limit was reached during the year ended December 31, 2018. All income in excess of the limit is considered Tier 3 income that is allocated entirely to the BUCs. See Note 3 to the Partnership's consolidated financial statements for additional information.
- For the year ended December 31, 2017, we realized contingent interest of approximately $219,000 from excess cash flow on the Lake Forest MRBs and approximately $2.9 million of cash proceeds from redemption of the Ashley Square MRB, which resulted in Tier 2 income allocable to the General Partner of approximately $787,000. The remaining Tier 2 income allocated to the general partner was realized on the gains on sale of the Northern View, Residences of Weatherford, Residences of DeCordova and Eagle Village MF Properties, net of tax. The Amended and Restated LP Agreement limits Tier 2 income to 0.9% per annum of the principal amount of the MRBs and other investments on a cumulative basis. This limit was reached during the year ended December 31, 2017. All income in excess of the limit is considered Tier 3 income that is allocated entirely to the BUCs. See Note 3 to the Partnership's consolidated financial statements for additional information.
- For the year ended December 31, 2016, we realized contingent interest of approximately $642,000 from excess cash flow on the Ashley Square and Lake Forest MRBs and approximately $1.4 million on settlement of the Foundation for Affordable Housing property loan, which resulted in Tier 2 income allocable to the general partner of approximately $505,000. In addition, we realized gross gains of approximately $12.4 million and $1.7 million from the sales of the Arboretum and Woodland Park, respectively. After consideration of income taxes, the gain on these sales resulted in approximately $2.4 million allocable to the General Partner.

There was no non-recurring CAD per BUC earned by the Partnership during the years ended December 31, 2018, 2017 and 2016.

Off Balance Sheet Arrangements

As of December 31, 2018, and 2017, we held MRBs that are collateralized by Residential Properties and one commercial property. The Residential Properties and commercial property are owned by entities that are not controlled by us. We have no equity interest in these entities and do not guarantee any obligations of these entities.

The Partnership has entered into various commitments and guarantees. For additional discussions related to commitments and guarantees, see Note 17 to the Partnership's consolidated financial statements.

We do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in such relationships.

We do not have any relationships or transactions with persons or entities that derive benefits from their non-independent relationships with us or our related parties, other than what is disclosed in Note 21 to the Partnership's consolidated financial statements.

Contractual Obligations

As discussed in Notes 13 through 15 to the Partnership's consolidated financial statements, the debt obligation amounts maturing in 2019 consist of the principal paid on LOCs, the TEBS Financings with Freddie Mac, the TOB, various Term TOB and Term A/B debt financings with DB, and payments on the MF Property mortgages payable and other secured financing. Our strategic objective is to leverage our MRB portfolio utilizing long-term securitization financings either with Freddie Mac through its TEBS program or with other lenders with trust securitizations similar to the Term A/B Trust program with DB. This strategy allows us to better match the duration of our assets and liabilities and to better manage the spread between our assets and liabilities.

As part of our strategy of acquiring MRBs, we may enter into bond purchase commitments related to MRBs to be issued and secured by properties under construction. Upon execution of the bond purchase commitment, the proceeds from the MRBs issued will be used to pay off the construction related debt and MRBs. We account for our bond purchase commitments as available-for-sale debt securities and record the estimated fair value as an asset or liability with changes in such valuations recorded in other comprehensive income. See Note 17 to the Partnership's consolidated financial statements for additional details.

See Note 18 to the Partnership's consolidated financial statements for details regarding potential redemption dates for the Partnership's Series A Preferred Units outstanding.

We have the following contractual obligations as of December 31, 2018:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt Obligations					
Lines of credit - secured and unsecured	$ 35,659,200	$ 35,659,200	$ -	$ -	$ -
Debt financing	508,913,326	178,652,274	77,054,616	5,352,070	247,854,366
Mortgages payable and other secured financings	27,552,748	3,608,223	23,944,525	-	-
Lease Obligations					
Operating lease	5,341,206	130,974	269,859	280,762	4,659,611
Total	$ 577,466,480	$ 218,050,671	$ 101,269,000	$ 5,632,832	$ 252,513,977

We are also contractually obligated to pay interest on our long-term debt obligations. The weighted average interest of our lines of credit was 5.4% as of December 31, 2018. The weighted average interest of our debt financing was 3.8% as of December 31, 2018. The weighted average interest of our mortgages payable and other secured financings is 5.0% as of December 31, 2018.

Inflation

Substantially all of the resident leases at the Residential Properties, which collateralize our MRBs, allow for adjustments in the rent payable at the time of renewal, subject to rent restrictions related to the MRBs. Additionally, the MF Properties may be able to seek rent increases. The majority of these leases are for one year or less. The short-term nature of these leases generally serves to reduce the risk to the properties of the adverse effects of inflation; however, market conditions may prevent the properties from increasing rental rates in amounts sufficient to offset higher operating expenses. Inflation did not have a significant impact on our financial results for the years presented in this Report.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires us to make judgments, assumptions, and estimates. The application of these judgments, assumptions, and estimates can affect the amounts of assets, liabilities, revenues, and expenses reported by us. Our significant accounting policies are described in Note 2 and 22 to the Partnership's consolidated financial statements, which are incorporated by reference. We consider the following to be our critical accounting policies because they involve our judgments, assumptions and estimates that significantly affect the Partnership's consolidated financial statements. If these estimates differ significantly from actual results, the impact on the Partnership's consolidated financial statements may be material.

Variable Interest Entities

Under the accounting guidance for consolidations, the Partnership must evaluate entities in which it holds a variable interest to determine if the entities are VIEs and if the Partnership is the primary beneficiary. The entity that is deemed to have (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE, is considered the primary beneficiary. If the Partnership is deemed to be the primary beneficiary, then it must consolidate the VIEs in its consolidated financial statements. The Partnership has consolidated all VIEs in which it has determined it is the primary beneficiary. In the Partnership's consolidated financial statements, all transactions and accounts between the Partnership and the consolidated VIEs have been eliminated in consolidation.

The Partnership re-evaluates VIEs at each reporting date based on events and circumstances at the VIEs. As a result, changes to the consolidated VIEs may occur in the future based on changes in circumstances. The accounting guidance on consolidations is complex and requires significant analysis and judgment.

The Partnership does not believe that the consolidation of VIEs for reporting under GAAP impacts its status as a partnership for federal income tax purposes or the status of Unitholders as partners of the Partnership. In addition, the consolidation of VIEs is not expected to impact the treatment of the MRBs owned by consolidated VIEs, the tax-exempt nature of the interest payments on secured debt financings, or the manner in which the Partnership's income is reported to Unitholders on IRS Schedule K-1.

Fair Value of Financial Instruments

Current accounting guidance on fair value measurements establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. The guidance:

- Defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs for asset or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments in MRBs and Bond Purchase Commitments. The fair value of the Partnership's investments in MRBs and bond purchase commitments is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the MRBs, and price quotes for the MRBs are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, collateral, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. These characteristics are used to estimate an effective yield for each MRB. The MRB fair value is estimated using a discounted cash flow and yield to maturity or call analysis by applying the effective yield to contractual cash flows. Significant increases (decreases) in the effective yield would have resulted in a significantly lower (higher) fair value estimate. Changes in fair value due to an increase or decrease in the effective yield do not impact the Partnership's cash flows.

The Partnership evaluates pricing data received from the third-party pricing service by evaluating consistency with information from either the third-party pricing service or public sources. The fair value estimates of the MRBs and bond purchase commitments are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing service and the Partnership. Due to the judgments involved, the fair value measurements of the Partnership's investments in MRBs and bond purchase commitments are categorized as a Level 3 input.

Investments in Public Housing Capital Fund Trust Certificates. The fair value of the Partnership's investment in PHC Certificates is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the PHC Certificates owned by the Partnership. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Certificate as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs.

The Partnership reviews the inputs used by the primary third-party pricing service by reviewing source information and reviews the methodology for reasonableness. The Partnership also engages a second third-party pricing service to confirm the values developed by the primary third-party pricing service. The valuation methodologies used by the third-party pricing services encompass the use of judgment in their application. Due to the judgments involved, the fair value measurement of the Partnership's investment in PHC Certificates is categorized as a Level 3 input.

Taxable MRBs. The fair value of the Partnership's taxable MRBs is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the taxable MRBs, and price quotes are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each taxable MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, collateral, subordination to other obligations, operating results of the underlying property, geographic location, and property quality. These characteristics are used to estimate an effective yield for each taxable MRB. The taxable MRB fair value is estimated using a discounted cash flow and yield to maturity or call analysis by applying the effective yield to contractual cash flows. Significant increases (decreases) in the effective yield would have resulted in a significantly lower (higher) fair value estimate. Changes in fair value due to an increase or decrease in the effective yield do not impact the Partnership's cash flows.

The Partnership evaluates pricing data received from the third-party pricing service by evaluating consistency with information from either the third-party pricing service or public sources. The fair value estimates of the taxable MRBs are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in taxable MRBs is categorized as a Level 3 input.

Interest Rate Derivatives. The effect of the Partnership's interest rate derivatives is to set a cap, or upper limit, on the base rate of interest paid on the Partnership's variable rate debt financings equal to the notional amount of the derivative agreement. The effect of the Partnership's interest rate swaps is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The fair value of the interest rate derivatives is based on a model whose inputs are not observable and therefore is categorized as a Level 3 input. The inputs in the valuation model include three-month LIBOR rates, unobservable adjustments to account for the SIFMA index, as well as any recent interest rate cap trades with similar terms.

Mortgage Revenue Bond, Taxable Mortgage Revenue Bonds and Bond Purchase CommitmentsImpairment

The Partnership accounts for its investments in MRBs, taxable MRBs and bond purchase commitments under the accounting guidance for certain investments in debt and equity securities. The Partnership's investments in these instruments are classified as available-for-sale debt securities and are reported at estimated fair value. The net unrealized gains or losses on these investments are reflected in the Partnership's consolidated statements of comprehensive income. Unrealized gains and losses do not affect the cash flow of the bonds, distributions to Unitholders, or the characterization of the interest income of the financial obligation of the underlying collateral.

The Partnership periodically reviews each of its MRBs, taxable MRBs and bond purchase commitments for impairment. The Partnership evaluates whether unrealized losses are considered other-than-temporary impairments based on various factors including:

- The duration and severity of the decline in fair value,
- The Partnership's intent to hold and the likelihood of it being required to sell the security before its value recovers,
- Adverse conditions specifically related to the security, its collateral, or both,
- Volatility of the fair value of the security,
- The likelihood of the borrower being able to make payments,
- Failure of the issuer to make scheduled interest or principal payments, and
- Recoveries or additional declines in fair value after the balance sheet date.

While the Partnership evaluates all available information, it focuses specifically on whether the security's estimated fair value is below amortized cost, if the Partnership has the intent to sell or may be required to sell the security prior to the time that the value recovers or until maturity, and whether the Partnership expects to recover the security's entire amortized cost basis.

The recognition of other-than-temporary impairment and the potential impairment analysis are subject to a considerable degree of judgment, the results of which when applied under different conditions or assumptions could have a material impact on the Partnership's consolidated financial statements. If the Partnership experiences deterioration in the values of its investment portfolio, the Partnership may incur impairments to its investment portfolio that could negatively impact the Partnership's financial condition, cash flows, and reported earnings.

PHC Certificates Impairment

The Partnership periodically reviews the PHC Certificates for impairment. The Partnership evaluates whether declines in the fair value of the investments below amortized cost is other-than temporary. Factors considered include:

- The duration and severity of the decline in fair value,
- The Partnership's intent to hold and the likelihood of it being required to sell the security before its value recovers,
- Downgrade in the security's rating by Standard & Poor's, and
- Volatility of the fair value of the security.

Real Estate Assets Impairment

The Partnership reviews real estate assets for impairment at least quarterly and whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate asset may not be recoverable, the Partnership compares the carrying amount of the real estate asset to the undiscounted net cash flows expected to be generated from the use of the asset. If the carrying value exceeds the undiscounted net cash flows, an impairment loss is recorded to the extent that the carrying value of the property exceeds its estimated fair value.

Recently Issued Accounting Pronouncements

For a discussion on recently issued accounting pronouncements, see Note 2 to the Partnership's consolidated financial statements which are incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our primary market risk exposures are interest rate risk and credit risk. Our exposure to market risks relates primarily to our investments in MRBs and PHC Certificates and our debt financing, mortgages payable and other secured financing.

Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. The nature of our MRBs, PHC Certificates and the debt financing used to finance these investments exposes us to financial risk due to fluctuations in market interest rates. The MRBs and PHC Certificates bear base interest at fixed rates.

Our primary credit risk is the risk of default on our investment in MRBs and taxable property loans collateralized by the Residential Properties. The MRBs are not direct obligations of the governmental authorities that issue the MRBs and are not guaranteed by such authorities, any insurer or other party. In addition, the MRBs and the associated taxable property loans are non-recourse obligations of the property owner. As a result, the sole source of principal and interest payments on the MRBs and the taxable property loans is the net operating cash flows generated by these properties or the net proceeds from a sale or refinance of these properties.

If a property is unable to sustain net rental revenues at a level necessary to pay current debt service obligations on our MRB or taxable property loans, a default may occur. A property's ability to generate net operating cash flows is subject to a wide variety of factors, including rental and occupancy rates of the property and the level of its operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, multifamily residential properties in the market area where the property is located. This is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (e.g. zoning laws), inflation, real estate and other taxes, labor problems, and natural disasters can affect the economic operations of a multifamily residential property.

We also have credit risk in our investment in PHC Certificates, which are custodial receipts evidencing loans made to a number of public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities solely out of annual appropriations to be made to the public housing authorities by HUD under HUD's Capital Fund Program. If Congress fails to continue making annual appropriations for the Capital Fund Program at or near current levels, or there is a delay in the approval of appropriations, the public housing authorities may not have funds to pay principal and interest on the loans underlying the PHC Certificates.

Defaults on the MRBs, taxable property loans, or the public housing authorities' loans backing the PHC Certificates may reduce the amount of future cash available for distribution to Unitholders. In addition, if a property's net operating cash flows decline, it may affect the market value of the property. If the market value of a property deteriorates, the amount of net proceeds from the ultimate sale or refinancing of the property may be insufficient to repay the entire principal balance of the MRB or taxable property loan secured by the property. In the event of a default on an MRB or taxable property loan, we will have the right to foreclose on the mortgage or deed of trust securing the property. If we take ownership of the property securing a defaulted MRB, we will be entitled to all net operating cash flows generated by the property. If such an event occurs, these amounts will not provide tax-exempt income.

We actively manage the credit risks associated with our MRBs and taxable property loans by performing a complete due diligence and underwriting process of the properties securing these investments prior to investing. In addition, we carefully monitor the performance of the properties underlying these investments subsequent to their purchase by the Partnership. Our primary method of managing the credit risk associated with the PHC Certificates is to monitor the ratings reports issued at least annually by a rating agency for each of three PHC Certificates.

Mortgage Revenue Bonds and PHC Certificate Sensitivity Analysis

A third-party pricing service is used to value our MRBs. The pricing service uses a discounted cash flow and yield to maturity or call analysis which encompasses judgment in its application. The key assumption in the yield to maturity or call analysis is the range of effective yields of the individual MRBs. The effective yield analysis for each MRB considers the current market yield on similar MRBs, specific terms of each MRB, and various characteristics of the underlying properties collateralizing the MRBs such as debt service coverage ratio, loan to value, and other characteristics.

We value the PHC Certificates based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the PHC Certificates. The valuation methodology of our third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Certificate as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs. The fair value estimate by the third-party pricing service encompasses the use of judgment in its application.

We completed a sensitivity analysis which is hypothetical and is as of a specific point in time. The results of the sensitivity analysis may not be indicative of actual changes in fair value and should be used with caution. The table below summarizes the sensitivity analysis metrics related to the investments in theMRBs and PHC Certificates as of December 31, 2018:

Description	Estimated Fair Value in 000's	Range of Effective Yields used in Valuation	Range of Effective Yields if 10% Adverse Applied	Additional Unrealized Losses with 10% Adverse Change in 000's
Mortgage Revenue Bonds	$ 732,153	3.3 % -9.1%	3.6 %-10.0%	$ 22,474
PHC Certificates	48,672	5.3 % -6.0%	5.8 %-6.6%	1,422

Geographic Risk

The properties securing the MRBs are geographically dispersed throughout the United States with significant concentrations (geographic risk) in Texas, California, and South Carolina. The table below summarizes the geographic concentrations in these states as a percentage of the total MRB principal outstanding:

	December 31, 2018	December 31, 2017
Texas	43 %	44 %
California	18 %	20 %
South Carolina	17 %	16 %

Summary of Interest Rates on Borrowings and Interest Rate Cap Agreements

At December 31, 2018, the total costs of borrowing by investment type were as follows:

- The unsecured LOCs have variable interest rates ranging between 5.4% and 5.6%;
- The M24, M31, M33 TEBS facilities have variable interest rates that range between 3.0% and 3.6%;
- The M45 TEBS facility has a fixed interest rate of 3.82% through July 31, 2023 and 4.39% thereafter;
- The Term TOB Trusts securitized by MRBs have fixed interest rates that range between 4.0% and 4.4%;
- The Term A/B Trusts securitized by MRBs have fixed interest rates of 4.5%;
- The TOB Trusts securitized by PHC Certificates have variable interest rates of 3.9%; and
- The mortgages payable have fixed and variable interest rates that range between 4.7% and 5.0%.

We enter into interest rate cap agreements to mitigate our exposure to interest rate fluctuations on the variable rate financing facilities. The following table sets forth certain information regarding the Partnership's interest rate cap agreements as of December 31, 2018:

Purchase Date	Notional Amount	Maturity Date	Effective Capped Rate (1)	Index	Variable Debt Financing Facility Hedged (1)	Counterparty	Fair Value as of December 31, 2018
July 2014	$ 30,252,409	Aug 2019	3.0 %	SIFMA	M31 TEBS	Barclays Bank PLC	$ -
July 2014	30,252,409	Aug 2019	3.0 %	SIFMA	M31 TEBS	Royal Bank of Canada	-
July 2014	30,252,409	Aug 2019	3.0 %	SIFMA	M31 TEBS	SMBC Capital Markets, Inc	-
July 2015	27,359,689	Aug 2020	3.0 %	SIFMA	M33 TEBS	Wells Fargo Bank	536
July 2015	27,359,689	Aug 2020	3.0 %	SIFMA	M33 TEBS	Royal Bank of Canada	536
July 2015	27,359,689	Aug 2020	3.0 %	SIFMA	M33 TEBS	SMBC Capital Markets, Inc	536
June 2017	90,757,226	Aug 2019	1.5 %	SIFMA	M31 TEBS	Barclays Bank PLC	158,989
June 2017	82,079,066	Aug 2020	1.5 %	SIFMA	M33 TEBS	Barclays Bank PLC	465,983
Sept 2017	59,038,000	Sept 2020	4.0 %	SIFMA	M24 TEBS	Barclays Bank PLC	53
							$ 626,633

(1) For additional details, see Note 22 to the Partnership's consolidated financial statements.

We previously contracted for two interest rate swaps with DB that were intended to mitigate interest rate risk for the variable rate PHC TOB Trusts. The two interest rate swaps were terminated during 2018.

Interest Rate Risk – Change in Net Interest Income

The following table sets forth information regarding the impact on the Partnership's income assuming a change in interest rates as of December 31, 2018:

Description	- 25 basis points	+ 50 basis points	+ 100 basis points	+ 150 basis points	+ 200 basis points
TOB & Term A/B Debt Financings	$ 42,476	$ (85,440)	$ (170,390)	$ (255,327)	$ (340,220)
TEBS Debt Financings	21,715	(41,005)	(80,916)	(121,124)	(161,359)
Other Investment Financings	58,501	(116,939)	(233,793)	(350,562)	(467,246)
Total	$ 122,692	$ (243,384)	$ (485,099)	$ (727,013)	$ (968,825)

The interest rate sensitivity table ("Table") represents the change in interest income from investments, net of interest on debt and settlement payments for interest rate derivatives over the next twelve months, assuming an immediate parallel shift in the LIBOR yield curve and the resulting implied forward rates are realized as a component of this shift in the curve. Assumptions include anticipated interest rates, relationships between interest rate indices and outstanding investments, liabilities and interest rate derivative positions.

No assurance can be made that the assumptions included in the Table presented herein will occur or that other events would not occur that would affect the outcomes of the analysis. Furthermore, the results included in the Table assume the Partnership does not act to change its sensitivity to the movement in interest rates.

As the above information incorporates only those material positions or exposures that existed as of December 31, 2018, it does not consider those exposures or positions that could arise after that date. The ultimate economic impact of these market risks will depend on the exposures that arise during the period, our risk mitigation strategies at that time and the overall business and economic environment.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Board of Managers and Partners of
America First Multifamily Investors, L.P.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of America First Multifamily Investors, L.P. and its subsidiaries (the "Partnership") as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, partners' capital and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Partnership's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Partnership's consolidated financial statements and on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
February 28, 2019

We have served as the Partnership's auditor since 2016.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
Assets:		
Cash and cash equivalents	$ 32,001,925	$ 69,597,699
Restricted cash	1,266,686	1,985,630
Interest receivable, net	7,011,839	6,541,132
Mortgage revenue bonds held in trust, at fair value (Note 6)	645,258,873	710,867,447
Mortgage revenue bonds, at fair value (Note 6)	86,894,562	77,971,208
Public housing capital fund trusts, at fair value (Note 7)	48,672,086	49,641,588
Real estate assets: (Note 8)		
Land and improvements	4,971,665	7,319,235
Buildings and improvements	71,897,070	78,953,488
Real estate assets before accumulated depreciation	76,868,735	86,272,723
Accumulated depreciation	(12,272,387)	(9,580,531)
Net real estate assets	64,596,348	76,692,192
Investments in unconsolidated entities (Note 9)	76,534,306	39,608,927
Property loans, net of loan loss allowance (Note 10)	15,961,012	29,513,874
Other assets (Note 12)	4,515,609	7,348,302
Total Assets	$ 982,713,246	$ 1,069,767,999
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 7,543,822	$ 8,494,227
Distribution payable	7,576,167	8,423,803
Unsecured lines of credit (Note 13)	35,659,200	50,000,000
Debt financing, net (Note 14)	505,663,565	558,328,347
Mortgages payable and other secured financing, net (Note 15)	27,454,375	35,540,174
Derivative swaps, at fair value (Note 16)	-	826,852
Total Liabilities	583,897,129	661,613,403
Commitments and Contingencies (Note 17)		
Redeemable Series A Preferred Units, approximately $94.5 million redemption value, 9.5 million authorized, issued and outstanding, net (Note 18)	94,350,376	94,314,326
Partners' Capital:		
General Partner (Note 1)	344,590	437,256
Beneficial Unit Certificates ("BUCs," Note 1)	304,121,151	313,403,014
Total Partners' Capital	304,465,741	313,840,270
Total Liabilities and Partners' Capital	$ 982,713,246	$ 1,069,767,999

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2018	2017	2016
Revenues:			
Property revenues	$ 9,074,805	$ 13,499,645	$ 17,404,439
Investment income	51,479,641	48,225,068	36,892,996
Contingent interest income	9,322,849	3,147,165	2,021,077
Other interest income	7,636,226	4,681,578	2,660,238
Other income	3,842,055	828,089	-
Total revenues	81,355,576	70,381,545	58,978,750
Expenses:			
Real estate operating (exclusive of items shown below)	5,300,296	8,228,297	9,223,108
Impairment of securities	1,141,020	761,960	-
Impairment charge on real estate assets	150,000	-	61,506
Depreciation and amortization	3,556,265	5,212,859	6,862,530
Amortization of deferred financing costs	1,673,044	2,324,535	1,862,509
Interest expense	23,190,012	22,155,443	15,469,639
General and administrative	13,082,023	12,769,757	10,837,188
Total expenses	48,092,660	51,452,851	44,316,480
Other Income:			
Gain on sales of real estate assets, net	4,051,429	17,753,303	14,072,317
Gain on sale of securities	-	-	8,097
Gain on sale of investment in an unconsolidated entity	2,904,087	-	-
Income before income taxes	40,218,432	36,681,997	28,742,684
Income tax expense (benefit)	(921,097)	6,019,146	4,959,000
Net income	41,139,529	30,662,851	23,783,684
Net income (loss) attributable to noncontrolling interest	-	71,653	(823)
Partnership net income	41,139,529	30,591,198	23,784,507
Redeemable Series A Preferred Unit distributions and accretion	(2,871,050)	(1,982,538)	(583,407)
Net income available to Partners	$ 38,268,479	$ 28,608,660	$ 23,201,100
Net income available to Partners and noncontrolling interest allocated to:			
General Partner	$ 2,285,943	$ 2,140,074	$ 2,992,106
Limited Partners - BUCs	35,755,806	26,293,975	20,176,693
Limited Partners - Restricted units	226,730	174,611	32,301
Noncontrolling interest	-	71,653	(823)
	$ 38,268,479	$ 28,680,313	$ 23,200,277
BUC holders' interest in net income per BUC, basic and diluted	$ 0.60	$ 0.44	$ 0.34
Distributions declared, per BUC	$ 0.50	$ 0.50	$ 0.50
Weighted average number of BUCs outstanding, basic	60,028,120	59,895,229	60,182,264
Weighted average number of BUCs outstanding, diluted	60,028,120	59,895,229	60,182,264

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended December 31,		
	2018	2017	2016
Net income	$ 41,139,529	$ 30,662,851	$ 23,783,684
Reversal of net unrealized gain on sale of securities	-	-	(236,439)
Reversal of net unrealized losses (gains) on securities with other-than-temporary impairment	525,446	(672,097)	-
Unrealized gain (loss) on securities	(14,168,694)	36,797,352	(18,596,853)
Unrealized gain (loss) on bond purchase commitments	(3,002,540)	603,091	(3,234,911)
Comprehensive income	24,493,741	67,391,197	1,715,481
Comprehensive income (loss) allocated to noncontrolling interest	-	71,653	(823)
Partnership comprehensive income	$ 24,493,741	$ 67,319,544	$ 1,716,304

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	General Partner	# of BUCs - Restricted and Unrestricted	BUCs - Restricted and Unrestricted	Non-controlling Interest	Total	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2016	$ 399,077	60,252,928	$ 312,720,264	$ 5,486	$ 313,124,827	$ 60,963,687
Reversal of net unrealized gain on sale of securities	(2,364)		(234,075)	-	(236,439)	(236,439)
Distributions paid or accrued:						
Regular distribution	(217,646)		(21,546,966)	-	(21,764,612)	-
Distribution of Tier 2 income (Note 3)	(2,858,650)		(8,575,949)	-	(11,434,599)	-
Net income (loss) allocable to Partners	2,992,106		20,208,994	(823)	23,200,277	-
Repurchase of BUCs	-	(272,307)	(1,603,658)	-	(1,603,658)	-
Restricted units awarded	-	272,307	-	-	-	-
Restricted unit compensation expense	8,331		824,811	-	833,142	-
BUCs surrendered to pay tax withholding on vested restricted units	-	(28,390)	(153,306)	-	(153,306)	-
Unrealized loss on securities	(185,969)		(18,410,884)	-	(18,596,853)	(18,596,853)
Unrealized loss on bond purchase commitments	(32,349)		(3,202,562)	-	(3,234,911)	(3,234,911)
Balance as of December 31, 2016	$ 102,536	60,224,538	$ 280,026,669	$ 4,663	$ 280,133,868	$ 38,895,484
Distribution to noncontrolling interest	-		-	(76,316)	(76,316)	-
Distributions paid or accrued:						
Regular distribution	(194,272)		(19,232,974)	-	(19,427,246)	-
Distribution of Tier 2 income (Note 3)	(1,994,518)		(5,983,555)	-	(7,978,073)	-
Distribution of Tier 3 income (Note 3)	-		(4,928,231)	-	(4,928,231)	-
Net income allocable to Partners	2,140,074		26,468,586	71,653	28,680,313	-
Sale of BUCs, net of issuance costs	-	161,383	805,890	-	805,890	-
Repurchase of BUCs	-	(254,656)	(1,466,222)	-	(1,466,222)	-
Restricted units awarded	-	283,046	-	-	-	-
Restricted unit compensation expense	16,152		1,599,090	-	1,615,242	-
BUCs surrendered to pay tax withholding on vested restricted units	-	(40,637)	(247,301)	-	(247,301)	-
Unrealized gain on securities	367,974		36,429,378	-	36,797,352	36,797,352
Unrealized gain on bond purchase commitments	6,031		597,060	-	603,091	603,091
Reversal of net unrealized gain on securities with other-than-temporary impairment	(6,721)		(665,376)	-	(672,097)	(672,097)
Balance as of December 31, 2017	$ 437,256	60,373,674	$ 313,403,014	$ -	$ 313,840,270	$ 75,623,830
Cumulative effect of accounting change (Note 2)	(2,169)		(214,779)	-	(216,948)	-
Distributions paid or accrued:						
Regular distribution	(166,089)		(16,442,861)	-	(16,608,950)	-
Distribution of Tier 2 income (Note 3)	(2,062,118)		(6,186,356)	-	(8,248,474)	-
Distribution of Tier 3 income (Note 3)	-		(7,637,602)	-	(7,637,602)	-
Net income allocable to Partners	2,285,943		35,982,536	-	38,268,479	-
Sale of BUCs, net of issuance costs	-	349,136	1,953,829	-	1,953,829	-
Repurchase of BUCs	-	(268,575)	(1,697,613)	-	(1,697,613)	-
Restricted units awarded	-	309,212	-	-	-	-
Restricted unit compensation expense	18,225		1,804,300	-	1,822,525	-
Restricted units forfeited	-	(6,957)	-	-	-	-
BUCs surrendered to pay tax withholding on vested restricted units	-	(65,023)	(363,987)	-	(363,987)	-
Unrealized loss on securities	(141,687)		(14,027,007)	-	(14,168,694)	(14,168,694)
Unrealized loss on bond purchase commitments	(30,025)		(2,972,515)	-	(3,002,540)	(3,002,540)
Reversal of net unrealized loss on securities with other-than-temporary impairment	5,254		520,192		525,446	525,446
Balance as of December 31, 2018	$ 344,590	60,691,467	$ 304,121,151	$ -	$ 304,465,741	$ 58,978,042

The accompanying notes are an integral part of the consolidated financial statements.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 41,139,529	$ 30,662,851	$ 23,783,684
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	3,556,265	5,212,859	6,862,530
Provision for loan loss	-	295,000	-
Gain on sale of real estate assets, net	(4,051,429)	(17,753,303)	(14,072,317)
Gain on sale of investment in an unconsolidated entity	(2,904,087)	-	-
Contingent interest realized on investing activities	(9,322,849)	(2,927,948)	(1,379,466)
Gain on sale of securities	-	-	(8,097)
Impairment of securities	1,141,020	761,960	-
Impairment charge on real estate assets	150,000	-	-
Gain on derivatives, net of cash paid	(856,264)	(170,031)	(17,618)
Restricted unit compensation expense	1,822,525	1,615,242	833,142
Bond premium/discount amortization	(67,596)	(320,382)	(153,922)
Amortization of deferred financing costs	1,673,044	2,324,535	1,862,509
Deferred income tax expense (benefit) & income tax payable/receivable	(957,501)	(400,000)	366,000
Change in preferred return receivable from unconsolidated entities, net	(3,498,255)	(2,922,158)	(718,701)
Changes in operating assets and liabilities			
(Increase) decrease in interest receivable	(470,707)	442,071	(1,762,344)
(Increase) decrease in other assets	(870,098)	245,564	(112,174)
Increase (decrease) in accounts payable and accrued expenses	(818,176)	73,267	(251,695)
Net cash provided by operating activities	25,665,421	17,139,527	15,231,531
Cash flows from investing activities:			
Capital expenditures	(532,977)	(441,790)	(635,739)
Proceeds from sale of MF Properties	13,450,000	46,525,000	45,850,000
Proceeds from sale of land held for development	-	3,000,000	-
Proceeds from sale of mortgage revenue bond	-	-	9,295,000
Proceeds from the sale of MBS Securities	-	-	14,997,069
Proceeds from sale of investment in an unconsolidated entity	11,002,761	-	-
Acquisition of mortgage revenue bonds	(41,708,000)	(121,347,000)	(130,620,000)
Contributions to unconsolidated entities	(38,646,325)	(14,096,478)	(18,751,305)
Acquisition of MF Property	-	-	(9,867,847)
Principal payments received on mortgage revenue bonds and contingent interest	88,006,338	52,964,448	7,630,638
Principal payments received on taxable mortgage revenue bonds	979,808	1,565,455	551,162
Principal payments received on PHC Certificates	701,614	5,979,738	2,014,120
Cash paid for land held for development and deposits on potential purchases	(2,764,403)	(381,066)	(100,000)
Advances on property loans	(66,652)	(2,712,816)	(8,414,215)
Principal payments received on property loans and contingent interest	18,696,269	2,667,276	2,806,056
Net cash provided by (used in) investing activities	49,118,433	(26,277,233)	(85,245,061)
Cash flows from financing activities:			
Distributions paid	(36,161,829)	(33,465,038)	(34,245,664)
Proceeds from the sale of redeemable Series A Preferred Units	-	53,631,000	40,869,000
Payment of offering costs related to the sale of redeemable Series A Preferred Units	-	(8,875)	(86,814)
Acquisition of interest rate derivatives	-	(556,017)	-
Repurchase of BUCs	(1,697,613)	(1,466,222)	(1,603,658)
Proceeds from the sale of BUCs	2,033,731	978,628	-
Payment of offering costs related to the sale of BUCs	(40,703)	(101,143)	-
Payment of tax withholding related to restricted unit awards	(363,987)	(400,607)	-
Distribution to noncontrolling interest	-	(76,316)	-
Proceeds from debt financing	238,920,000	144,100,000	173,302,645
Principal payments on debt financing	(292,601,847)	(81,773,730)	(129,465,032)
Principal payments on other secured financing	-	-	(7,500,000)
Principal borrowing on mortgages payable	-	-	7,500,000
Principal payments on mortgages payable	(8,215,176)	(15,952,005)	(17,997,186)
Principal borrowing on unsecured and secured lines of credit	52,708,000	80,560,000	87,487,639
Principal payments on unsecured and secured lines of credit	(67,048,800)	(90,560,000)	(44,984,639)
Increase (decrease) in security deposit liability related to restricted cash	19,213	(227,029)	(44,984)
Debt financing and other deferred costs	(649,561)	(1,467,831)	(1,697,713)
Net cash provided by (used in) financing activities	(113,098,572)	53,214,815	71,533,594
Net increase (decrease) in cash, cash equivalents and restricted cash	(38,314,718)	44,077,109	1,520,064
Cash, cash equivalents and restricted cash at beginning of period	71,583,329	27,506,220	25,986,156
Cash, cash equivalents and restricted cash at end of period	$ 33,268,611	$ 71,583,329	$ 27,506,220
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 23,534,203	$ 21,558,593	$ 15,175,628
Cash paid during the period for income taxes	$ 180,476	$ 5,890,835	$ 4,615,000
Supplemental disclosure of noncash investing and financing activities:			
Distributions declared but not paid for BUCs and General Partner	$ 7,576,167	$ 8,423,803	$ 8,017,950
Distributions declared but not paid for Series A Preferred Units	$ 708,750	$ 692,917	$ 271,518
Land contributed as investment in an unconsolidated entity	$ 2,879,473	$ 3,091,023	$ -
Capital expenditures financed through accounts payable	$ 43,673	$ 72,390	$ 46,528
Deferred financing costs financed through accounts payable	$ -	$ 90,339	$ 234,372
Liabilities assumed in the acquisition of MF Property	$ -	$ -	$ 135,326
BUCs surrendered for tax withholding liabilities on restricted units	$ -	$ -	$ 153,306

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 32,001,925	$ 69,597,699	$ 20,748,521
Restricted cash	1,266,686	1,985,630	6,757,699
Total cash, cash equivalents and restricted cash	$ 33,268,611	$ 71,583,329	$ 27,506,220

The accompanying notes are an integral part of the consolidated financial statements.

1. Basis of Presentation

America First Multifamily Investors, L.P. (the "Partnership") was formed on April 2, 1998, under the Delaware Revised Uniform Limited Partnership Act for the purpose of acquiring, holding, selling and otherwise dealing with a portfolio of mortgage revenue bonds ("MRBs") that have been issued to provide construction and/or permanent financing for affordable multifamily and student housing residential properties (collectively "Residential Properties") and commercial properties. The Partnership expects and believes the interest earned on these MRBs is excludable from gross income for federal income tax purposes. The Partnership may also invest in other types of securities that may or may not be secured by real estate and may make property loans secured by multifamily residential properties which may or may not be financed by MRBs held by the Partnership. The Partnership may acquire real estate securing its MRBs or property loans through foreclosure in the event of a default or through the receipt of a fee simple deed in lieu of foreclosure. In addition, the Partnership may acquire interests in multifamily, student, and senior citizen residential properties ("MF Properties") in order to position itself for future investments in MRBs issued to finance these properties or to operate the MF Property until its "highest and best use" can be determined by management.

The Partnership's general partner is America First Capital Associates Limited Partnership Two ("AFCA 2" or "General Partner"). The general partner of AFCA 2 is Burlington Capital LLC ("Burlington"). The Partnership has issued Beneficial Unit Certificates ("BUCs") representing assigned limited partner interests to investors ("BUC holders"). The Partnership has issued non-cumulative, non-voting, non-convertible Series A Preferred Units ("Series A Preferred Units") in private placements. The Series A Preferred Units represent limited interests in the Partnership under the Partnerships" First Amended and Restated Agreement of Limited Partnership dated September 15, 2015, as further amended (the "Amended and Restated LP Agreement"). The Series A Preferred Units are redeemable in the future and represent limited partnership interests in the Partnership pursuant to a subscription agreement with five financial institutions (see Note 18). The holders of the BUCs and Series A Preferred Units are referred to herein as "Unitholders."

All disclosures of the number of rental units for properties related to MRBs, taxable MRBs and MF Properties are unaudited.

2. Summary of Significant Accounting Policies

Consolidation

The "Partnership," as used herein, includes the Partnership, its consolidated subsidiaries and consolidated variable interest entities. All intercompany transactions are eliminated. As of December 31, 2018, the consolidated subsidiaries of the Partnership consist of:

- ATAX TEBS I, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the Tax-Exempt Bond Securitization ("TEBS") Financing ("M24 TEBS Financing") with the Federal Home Loan Mortgage Corporation ("Freddie Mac"),
- ATAX TEBS II, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the second TEBS Financing ("M31 TEBS Financing") with Freddie Mac,
- ATAX TEBS III, LLC, a special purpose entity owned and controlled by the Partnership created to hold MRBs to facilitate the third TEBS Financing ("M33 TEBS Financing") with Freddie Mac,
- ATAX TEBS IV, LLC, a special purpose entity owned and controlled by the Partnership created to hold MRBs to facilitate the fourth TEBS Financing ("M45 TEBS Financing") with Freddie Mac,
- ATAX Vantage Holdings, LLC, a wholly-owned subsidiary of the Partnership, committed to loan money or provide equity for the development of multifamily properties,
- One wholly-owned corporation ("the Greens Hold Co"). The Greens Hold Co owns 100% of The 50/50 MF Property and certain property loans as of December 31, 2018. The Greens Hold Co held a 99% limited partnership interest in the Northern View MF Property until its sale in March 2017 and held 100% ownership interests in the Eagle Village, Residences of DeCordova and Residences of Weatherford MF Properties until their sales in November 2017, and
- The Suites on Paseo MF Property is owned directly by the Partnership. The Partnership owned, through a wholly-owned subsidiary, 100% of the Jade Park MF Property until selling the property in September 2018.

The Partnership also consolidates variable interest entities ("VIEs") in which it is deemed to be the primary beneficiary. See Note 5 forinformation regarding the Partnership's consolidated VIEs.

Variable Interest Entities

Under the accounting guidance for consolidation, the Partnership must evaluate entities in which it holds a variable interest to determine if the entities are VIEs and if the Partnership is the primary beneficiary. The entity that is deemed to have (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE, is considered the primary beneficiary. If the Partnership is deemed to be the primary beneficiary, then it must consolidate the VIEs in its consolidated financial statements. The Partnership has consolidated all VIEs in which it has determined it is the primary beneficiary. In the Partnership's consolidated financial statements, all transactions and accounts between the Partnership and the consolidated VIEs have been eliminated in consolidation.

The Partnership re-evaluates VIEs at each reporting date based on events and circumstances at the VIEs. As a result, changes to the consolidated VIEs may occur in the future based on changes in circumstances. The accounting guidance on consolidations is complex and requires significant analysis and judgment.

The Partnership does not believe that the consolidation of VIEs for reporting under accounting principles generally accepted in the United States of America ("GAAP") impacts its status as a partnership for federal income tax purposes or the status of Unitholders as partners of the Partnership. In addition, the consolidation of VIEs is not expected to impact the treatment of the MRBs owned by consolidated VIEs, the tax-exempt nature of the interest payments on secured debt financings, or the manner in which the Partnership's income is reported to Unitholders on IRS Schedule K-1.

Acquisition Accounting

Pursuant to the accounting guidance for acquisitions, the Partnership allocates the contractual purchase price of a property acquired to the land, building, improvements and leases in existence as of the date of acquisition based on their relative fair values. The building is valued as if vacant. The estimated valuation of in-place leases is calculated by applying a risk-adjusted discount rate to the projected cash flow deficit at each property during an assumed lease-up period for these properties. This allocated cost is amortized over the average remaining term of the leases and is included in the statement of operations under depreciation and amortization expense. Costs incurred to acquire a property that is considered a business for accounting purposes are expensed. Costs associated with an asset acquisition for accounting purposes are capitalized.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid securities and investments in federally tax-exempt securities with maturities of three months or less when purchased.

Concentration of Credit Risk

The Partnership maintains the majority of its unrestricted cash balances at three financial institutions. The balances insured by the Federal Deposit Insurance Corporation are equal to $250,000 at each institution. At various times the cash balances have exceeded the $250,000 limit. The Partnership is also exposed to risk on its short-term investments in the event of non-performance by counterparties. The Partnership does not anticipate any non-performance. This risk is minimized significantly by the Partnership's short-term investment portfolio being restricted to investment grade securities.

Restricted Cash

Restricted cash is legally restricted to use and is comprised of resident security deposits, required maintenance reserves, escrowed funds, and property rehabilitation. In addition, the Partnership is required to maintain restricted cash balances related to the TEBS Financing facilities and the Partnership's interest rate derivatives. Restricted cash is presented with cash and cash equivalents on the consolidated statement of cash flows in accordance with the adoption of Accounting Standards Update ("ASU") 2016-18, effective for the Partnership as of January 1, 2018.

Investments in Mortgage Revenue Bonds, Taxable Mortgage Revenue Bonds and Bond Purchase Commitments

The Partnership accounts for its investments in MRBs, taxable MRBs and bond purchase commitments under the accounting guidance for certain investments in debt and equity securities. The Partnership's investments in these instruments are classified as available-for-sale debt securities and are reported at estimated fair value. The net unrealized gains or losses on these investments are reflected in the Partnership's consolidated statements of comprehensive income. Unrealized gains and losses do not affect the cash flow of the bonds, distributions to Unitholders, or the characterization of the interest income of the financial obligation of the underlying collateral. See Note 22 for a description of the Partnership's methodology for estimating fair value of MRBs, taxable MRBs and bond purchase commitments.

The Partnership periodically reviews each of its MRBs, taxable MRBs and bond purchase commitments for impairment. The Partnership evaluates whether unrealized losses are considered other-than-temporary impairments based on various factors including:

- The duration and severity of the decline in fair value,
- The Partnership's intent to hold and the likelihood of it being required to sell the security before its value recovers,
- Adverse conditions specifically related to the security, its collateral, or both,
- Volatility of the fair value of the security,
- The likelihood of the borrower being able to make payments,
- Failure of the issuer to make scheduled interest or principal payments, and
- Recoveries or additional declines in fair value after the balance sheet date.

While the Partnership evaluates all available information, it focuses specifically on whether the security's estimated fair value is below amortized cost, if the Partnership has the intent to sell or may be required to sell the security prior to the time that the value recovers or until maturity, and whether the Partnership expects to recover the security's entire amortized cost basis.

The recognition of other-than-temporary impairment and the potential impairment analysis are subject to a considerable degree of judgment, the results of which when applied under different conditions or assumptions could have a material impact on the Partnership's consolidated financial statements. If the Partnership experiences deterioration in the values of its investment portfolio, the Partnership may incur impairments to its investment portfolio that could negatively impact the Partnership's financial condition, cash flows, and reported earnings. There were no impairment charges reported by the Partnership related to MRBs, taxable MRBs or bond purchase commitments during the years ended December 31, 2018, 2017 and 2016.

Investment in PHC Certificates and MBS Securities

The Partnership accounts for its investments in PHC Certificates under the accounting guidance for certain investments in debt and equity securities. The Partnership's investments in these instruments are classified as available-for-sale debt securities and are reported at estimated fair value. The net unrealized gains or losses on these investments are reflected in the Partnership's consolidated statements of comprehensive income. Unrealized gains and losses do not affect the cash flow of the underlying contractual payments, distributions to Unitholders, or the characterization of the interest income of the financial obligation of the underlying collateral. See Note 22 for a description of the Partnership's methodology for estimating fair value for the PHC Certificates. The Partnership sold its remaining MBS Securities in the first quarter of 2016.

The Partnership periodically reviews the PHC Certificates for impairment. The Partnership evaluates whether declines in the fair value of the investments below amortized cost are other-than temporary. Factors considered include:

- The duration and severity of the decline in fair value,
- The Partnership's intent to hold and the likelihood of it being required to sell the security before its value recovers,
- Downgrade in the security's rating by Standard & Poor's, and
- Volatility of the fair value of the security.

See Note 7 for information on recognized impairment of the PHC Certificates.

Real Estate Assets

The Partnership's investments in real estate are carried at cost less accumulated depreciation. Depreciation of real estate is based on the estimated useful life of the related asset, generally 19-40 years on multifamily, student housing, and senior citizen residential apartment buildings and five to 15 years on capital improvements. Depreciation expense is calculated using the straight-line method. Maintenance and repairs are charged to expense as incurred, while improvements, renovations, and replacements are capitalized. The Partnership also holds land held for investment and development which is reported at cost. The Partnership recognizes gains and losses equal to the difference between proceeds on sale and the net carrying value of the assets at the date of disposition.

The Partnership reviews real estate assets for impairment at least quarterly and whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. When indicators of potential impairment suggest that the carrying value of a real estate asset may not be recoverable, the Partnership compares the carrying amount of the real estate asset to the undiscounted net cash flows expected to be generated from the use of the asset. If the carrying value exceeds the undiscounted net cash flows, an impairment loss is recorded to the extent that the carrying value of the property exceeds its estimated fair value. See Note 8 for information on recognized impairment charges.

Investments in Unconsolidated Entities

The Partnership makes initial investments in and is committed to invest, through ATAX Vantage Holdings, LLC, in certain limited liability companies ("Vantage Properties"). ATAX Vantage Holdings, LLC holds a limited membership interest in the Vantage Properties. The investments are used to construct multifamily properties. The Partnership does not have a controlling interest in the Vantage Properties and accounts for its limited membership interests usingthe equity method of accounting.

The Partnership reviews its investments in unconsolidated affiliates for impairment whenever events or changes in business circumstances indicate that the carrying amount of the investments may not be fully recoverable. Factors considered include:

- The absence of an ability to recover the carrying amount of the investment;
- The inability of the investee to sustain an earnings capacity that justifies the carrying amount of the investment; or
- Estimated sales proceeds that are insufficient to recover the carrying amount of the investment.

The Partnership's assessment of whether a decline in value is other than temporary is based on its ability and intent to hold the investment and whether evidence indicating the carrying value of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. If the fair value of the investment is determined to be less than the carrying value and the decline in value is considered other than temporary, an impairment charge is recorded equal to the excess of the carrying value over the estimated fair value of the investment.

The Partnership earns a return on its investment that is guaranteed by an unrelated third party. The term of the third-party guarantee is from the initial investment date through the second anniversary of construction completion. The Partnership recognizes a return based upon the guarantee provided by an unrelated third-party, the guarantor's financial ability to perform under the guarantee and the cash flows expected to be received from each property. These returns are reported as investment income in the Partnership's consolidated statements of operations (see Note 9).

Property Loans, Net of Loan Loss Allowance

The Partnership invests in taxable property loans made to the owners of certain multifamily properties. Most of the property loans are with multifamily properties that secure MRBs owned by the Partnership. The Partnership recognizes interest income on the property loans as earned and is reported within other interest income on the Partnership's consolidated statements of operations. Interest income is not recognized for property loans that are deemed to be in nonaccrual status. The repayment of these property loans is dependent largely on the value of the related property or its cash flows. The Partnership periodically evaluates these loans for potential losses by estimating the fair value of the related property and comparing the fair value to the outstanding MRBs or senior financing plus the Partnership's property loans. The Partnership utilizes a discounted cash flow model that considers varying assumptions. The discounted cash flow analysis may assume multiple revenue and expense scenarios, various capitalization rates, and multiple discount rates. The Partnership may also consider other information such as independent appraisals in estimating a property's fair value.

If the estimated fair value of the property, after deducting the amortized cost basis of the MRB or senior financing, exceeds the principal balance of the taxable property loan then no potential loss is indicated and no allowance for loan loss is recorded. If a potential loss is indicated, an allowance for loan loss is recorded against the outstanding loan amount and a loss is realized. The determination of the need for an allowance for loan loss is subject to considerable judgment. See Note 10 for additional information on the Partnership's loan loss allowances.

Accounting for TOB, Term TOB, Term A/B and TEBS Financing Arrangements

The Partnership has evaluated the accounting guidance related its TOB, Term TOB, Term A/B and TEBS Financings and has determined that the securitization transactions do not meet the accounting criteria for a sale or transfer of financial assets and will, therefore, be accounted for as secured financing transactions. More specifically, the guidance on transfers and servicing sets forth the conditions that must be met to de-recognize a transferred financial asset. This guidance provides, in part, that the transferor has surrendered control over transferred assets if and only if the transferor does not maintain effective control over the transferred assets. The financing agreements contain certain provisions that allow the Partnership to unilaterally cause the holder to return the securitized assets, other than through a cleanup call. Based on these terms, the Partnership has concluded that it has not transferred effective control over the transferred assets and, as such, the transactions do not meet the conditions to de-recognize the transferred assets.

In addition, the Partnership has evaluated the securitization trusts associated with the TOB, Term TOB, Term A/B and TEBS Financings in accordance with guidance on consolidation of VIEs. See Note 5 for the consolidation analysis related to these secured financing arrangements. The Partnership is deemed to be the primary beneficiary of these securitization trusts and consolidates the assets, liabilities, income and expenses of the securitization trusts in the Partnership's consolidated financial statements.

The Partnership recognizes interest expense for fixed-rate TEBS Financings with escalating stated interest rates using the effective interest method over the estimated term of the arrangement.

Deferred Financing Costs

Debt financing costs are capitalized and amortized using the effective interest method through either the stated maturity date or the optional redemption date of the related debt financing agreement. Debt financing costs associated with revolving line of credit arrangements are reported within other assets on the Partnership's consolidated balance sheets. Deferred financing costs associated with debt financings are reported as reductions to the carrying value of the related debt financings on the Partnership's consolidated balance sheets.

Bond issuance costs are capitalized and amortized utilizing the effective interest method over the stated maturity of the related MRBs. Bond issuance costs are reported as an adjustment to the carrying cost of the related MRB on the Partnership's consolidated balance sheets.

Income Taxes

No provision has been made for income taxes of the Partnership because the Unitholders are required to report their share of the Partnership's taxable income for federal and state income tax purposes, except for certain entities described below. The Partnership recognizes franchise margin tax expense on revenues in certain jurisdictions relating to MF Properties and investments in unconsolidated entities.

The Greens Hold Co is subject to federal and state income taxes. The Partnership recognizes income tax expense or benefit for the federal and state income taxes incurred by this entity in its consolidated financial statements.

The Partnership evaluates its tax positions taken in its consolidated financial statements under the accounting guidance for uncertain tax positions. As such, the Partnership may recognize a tax benefit from an uncertain tax position only if the Partnership believes it is more likely than not that the tax position will be sustained on examination by taxing authorities. The Partnership accrues interest and penalties as incurred within income tax expense.

Deferred income tax expense, or benefit, is generally a functionof the period's temporary differences (items that are treated differently for tax purposes than for financial reporting purposes), such as depreciation, amortization of financing costs, etc. and the utilization of tax net operating losses ("NOLs") generated in prior years that had been recognized as deferred income tax assets. The Partnership values its deferred tax assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse and reflects changes to enacted rates contained in the Tax Cuts and Jobs Act of 2017 that was signed into law in December 2017. The Partnership records a valuation allowance for deferred income tax assets if it believes all, or some portion, of the deferred income tax asset may not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances that causes a change in the estimated ability to realize the related deferred income tax asset is included in deferred income tax expense.

Investment Income from Investments in Mortgage Revenue Bonds

The interest income received by the Partnership from its MRBs is dependent upon the net cash flow of the underlying properties. Base interest income on fully performing MRBs is recognized as it is earned. Current and past due base interest income on MRBs not fully performing is recognized as it is received. The Partnership reinstates the accrual of base interest once the MRBs' ability to perform is adequately demonstrated. Base interest income related to tax-exempt and taxable MRBs is included within investment income and other interest income, respectively, on the Partnership's consolidated statements of operations. Certain MRBs contain contingent interest provisions that may generate excess available cash flow. Contingent interest income is recognized when realized or realizable. Past due contingent interest on MRBs, which are or were previously not fully performing, is recognized when realized or realizable. As of December 31, 2018 and 2017, the Partnership's MRBs were fully performing as to their base interest. As of December 31, 2018, there were no MRBs outstanding that included contingent interest provisions.

The Partnership adopted the provisions of ASU 2017-08 relating to premiumson purchased callable debt securities effective January 1, 2018. Upon adoption of this ASU, premiums on callable MRB investments are amortized as a yield adjustment to the earliest call date. Prior to January 1, 2018, the Partnership amortized premiums on callable debt securities as a yield adjustment to the stated maturity date. On January 1, 2018, the Partnership recorded a cumulative adjustment to partners' capital of approximately $217,000. Results for periods prior to January 1, 2018 were not adjusted. The impact of the adoption of the ASU to net income for the year ended December 31, 2018 was a decrease in investment income of approximately $68,000 as compared to the previous accounting policy. Discounts on MRB investments continue to be amortized as a yield adjustment to the stated maturity date. Amortization of premiums and discounts is recognized as investment income on the Partnership's consolidated statements of operations.

Investment Income from PHC Certificates and MBS Securities

Interest income on the PHC Certificates is recognized as it is earned. The PHC Certificate Trust I was purchased at a premium and PHC Certificate Trusts II and III were purchased at a discount. The premiums and discounts are amortized using the effective yield method over the term of the related PHC Certificate and amortization is recognized as investment income on the Partnership's consolidated statements of operations.

Interest income on the MBS Securities is recognized as it is earned.

Revenue Recognition on Investments in Real Estate

The Partnership's MF Properties are lessors of multifamily, student housing, and senior citizen rental units under leases with terms of one year or less. Rental revenue is recognized, net of rental concessions, on a straight-line method over the related lease term. The Partnership also recognizes other non-lease revenues related to other operations at the MF Properties such as parking and food service revenues at student housing properties. Such revenues are recognized over time as services are provided. Such non-lease revenue streams are within the scope of Accounting Standards Codification ("ASC") 606, which was effective for the Partnership as of January 1, 2018. The adoption of ASC 606 did not have a material impact on the Partnership's consolidated financial statements.

Derivative Instruments and Hedging Activities

The Partnership reports all derivative instrument assets or liabilities in the consolidated balance sheets at fair value. The Partnership's derivative instruments are not designated as hedging instruments and changes in fair value are recognized in the Partnership's consolidated statements of operations as interest expense. The Partnership is exposed to loss should a counterparty to its derivative instruments default. The Partnership does not anticipate non-performance by any counterparty.

Redeemable Series A Preferred Units

The Partnership has issued Series A Preferred Units, which represent limited partnership interests in the Partnership, to various financial institutions. The Series A Preferred Units are recorded as mezzanine equity due to the holders' redemption option which, if and when the units become subject to redemption, is outside the Partnership's control. The costs of issuing the Series A Preferred Units have been netted against the carrying value of the Series A Preferred Units and are being amortized to the first redemption date (see Note 18).

Beneficial Unit Certificates ("BUCs")

The Partnership has issued BUCs representing assigned limited partnership interests to investors. Costs related to the issuance of BUCs are recorded as a reduction to partners' capital when issued.

Restricted Unit Awards ("RUA" or "RUAs")

The Partnership's 2015 Equity Incentive Plan (the "Plan"), as approved by the BUC holders in September 2015, permits the grant of RUAs and other awards to the employees of Burlington, or any affiliate, who performs services for Burlington, the Partnership or an affiliate, and members of Burlington's Board of Managers for up to 3.0 million BUCs. RUAs are generally granted with vesting conditions ranging from three months to up to three years. RUAs currently provide for the payment of distributions during the restriction period. The RUAs provide for accelerated vesting if there is a change in control or upon death or disability of the participant. The Partnership accounts for forfeitures when they occur.

The fair value of each RUA is estimated on the grant date based on the Partnership's exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUAs on a straight-line basis over the requisite vesting period. The Partnership accounts for modifications to RUAs as they occur if the fair value of the RUAs change, there are changes to vesting conditions or the awards no longer qualify for equity classification.

Net Income per BUC

The Partnership uses the two-class method to allocate net income available to BUCs and the unvested RUAs as the RUAs are participating securities. Unvested RUAs are included with BUCs for the calculation of diluted net income per BUC using the treasury stock method, if the treasury stock method is more dilutive than the two-class method.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates and assumptions include those used in determining (i) the fair value of MRBs, PHC Certificates, bond purchase commitments and interest rate derivatives, (ii) investment impairments, (iii) impairment of real estate assets, (iv) allocation of the purchase price for acquisition accounting and (v) allowances for loan losses.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases (Topic 842)" that requires lessees to recognize right-to-use assets and related lease liabilities on the balance sheet and disclose key information about leasing arrangements. Lessees are required to classify their leases as financing leases or operating leases, with the classification affecting the pattern and classification of expense recognition in the statement of operations. The ASU requires lessors to classify leases as sales-type leases, direct financing leases, or operating leases. In July 2018, the FASB issued ASUs 2018-10 and 2018-11 containing further implementation guidance. ASU 2018-11 allows the Partnership to apply the new lease requirements as of the effective date, January 1, 2019, and not apply the guidance retrospectively to comparative periods. The Partnership will use this adoption method and will continue to report comparative periods prior to adoption using previously effective lease accounting guidance. Furthermore, the Partnership anticipates adopting the "package" of practical expedients, electing to not apply new guidance to short-term leases, and electing to combine lease and non-lease components for lessor and lessee leases. The Partnership has performed a comprehensive assessment of its lessor and lessee leasing arrangements. The accounting for lessor arrangements with tenants at the MF Properties, which have been determined to be operating leases, is not expected to be materially impacted by the new guidance. For the Partnership's lessee leases, the Partnership has identified operating leases for office equipment and a ground lease at The 50/50 MF Property. At adoption of the ASU on January 1, 2019, the Partnership will recognize net right-of-use assets totaling approximately $1.7 million and lease liabilities totaling approximately $2.1 million.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326)." The ASU enhances the methodology of measuring expected credit losses for financial assets, to include the use of reasonable and supportable forward-looking information to better estimate credit losses. The ASU potentially impacts the Partnership's accounting for receivables, property loans, financial guarantees and commitments. The ASU also makes changes to the impairment model for available-for-sale debt securities. These changes will potentially impact the Partnership's impairment analysis for MRBs, PHC Certificates, taxable MRBs and bond purchase commitments. The ASU is effective for the Partnership's annual and interim periods beginning after December 15, 2019 and is applied using a modified-retrospective approach. The Partnership is currently assessing the impact of the adoption of this pronouncement on the Partnership's consolidated financial statements.

3. Partnership Income Allocation and Cash Distributions

The Amended and Restated LP Agreement of the Partnership contains provisions for the distribution of Net Interest Income, Net Residual Proceeds and Liquidation Proceeds, for the allocation of income or loss from operations and for the allocation of income and loss arising from a repayment, sale, or liquidation of investments. Income and losses will be allocated to each Unitholder on a periodic basis, as determined by the General Partner, based on the number of Series A Preferred Units and BUCs held by each Unitholder as of the last day of the period for which such allocation is to be made. Distributions of Net Interest Income and Net Residual Proceeds will be made to each Unitholder of record on the last day of each distribution period based on the number of Series A Preferred Units and BUCs held by each Unitholder on that date.

For purposes of the Amended and Restated LP Agreement, income and cash received by the Partnership from its investments in MF Properties, investments in unconsolidated entities and property loans will be included in the Partnership's Net Interest Income, and cash distributions received by the Partnership from the sale or redemption of such investments will be included in the Partnership's Net Residual Proceeds.

Series A Preferred Units were created pursuant to the First Amendment to the Amended and Restated LP Agreement (the "First Amendment"), which became effective on March 30, 2016. The holders of the Series A Preferred Units are entitled to distributions at a fixed rate of 3.0% per annum prior to payment of distributions to other Unitholders.

Cash distributions are currently made on a quarterly basis. The General Partner can elect to make distributions on a monthly or semi-annual basis. On each distribution date, Net Interest Income (Tier 1) is distributed 99% to the limited partners and BUC holders as a class and 1% to AFCA 2. Net Interest Income (Tier 2) and Net Residual Proceeds (Tier 2) representing contingent interest up to 0.9% per annum of the principal amount of the MRBs and carrying value of other investments on a cumulative basis are distributed 75% to the limited partners and BUC holders as a class and 25% to the General Partner. Contingent interest received by the Partnership in excess of the maximum Net Interest Income (Tier 2) and Net Residual Proceeds (Tier 2) is considered Net Interest Income (Tier 3) and Net Residual Proceeds (Tier 3) and distributed 100% to the limited partners and BUC holders as a class.

The distributions paid or accrued per BUC during the fiscal years ended December 31, 2018, 2017, and 2016 were as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Cash distributions	$ 0.5000	$ 0.5000	$ 0.5000

4. Net income per BUC

The Partnership has disclosed basic and diluted net income per BUC on the Partnership's consolidated statements of operations. The unvested RUAs issued under the Plan are considered participating securities. There were no dilutive BUCs for the years ended December 31, 2018, 2017 and 2016.

5. Variable Interest Entities

Consolidated VIEs

The Partnership has determined the TOB, Term TOB, Term A/B and TEBS Financings are VIEs and the Partnership is the primary beneficiary. In determining the primary beneficiary of these specific VIEs, the Partnership considered which party has the power to control the activities of the VIEs which most significantly impact their financial performance, the risks that the entity was designed to create, and how each risk affects the VIE. The executed agreements related to the TOB, Term TOB, Term A/B and TEBS Financings stipulate the Partnership has the sole right to cause the trusts to sell the underlying assets. If they were sold, the extent to which the VIEs will be exposed to gains or losses would result from decisions made by the Partnership.

As the primary beneficiary, the Partnership reports the TOB, Term TOB, Term A/B and TEBS Financings on a consolidated basis. The Partnership reports the senior floating-rate participation interests ("SPEARS") related to the TOB Trusts and the Class A Certificates for the Term A/B Trusts and TEBS Financings as secured debt financings on the Partnership's consolidated balance sheets (see Note 14). The MRBs secured by the TOB, Term TOB, Term A/B and TEBS Financings are reported as assets on the Partnership's consolidated balance sheets (see Note 6).

Non-Consolidated VIEs

The Partnership has variable interests in various entities in the form of MRBs, property loans and investments in unconsolidated entities. These variable interests do not allow the Partnership to direct the activities that most significantly impact the economic performance of such VIEs. As a result, the Partnership is not considered the primary beneficiary and does not consolidate the financial statements of these VIEs in the Partnership's consolidated financial statements.

The Partnership held variable interests in 17 and 23 non-consolidated VIEs as of December 31, 2018 and 2017, respectively. The following table summarizes the Partnerships variable interests in these entities as of December 31, 2018 and 2017:

	Maximum Exposure to Loss	
	December 31, 2018	December 31, 2017
Mortgage revenue bonds	$ 51,791,000	$ 146,344,195
Property loans	8,367,635	15,824,613
Investment in unconsolidated entities	76,534,306	39,608,927
	$ 136,692,941	$ 201,777,735

The maximum exposure to loss for the MRBs is equal to the cost adjusted for paydowns as of December 31, 2018 and 2017. The difference between a MRB's carrying value on the Partnership's consolidated balance sheets and the maximum exposure to loss is a function of the unrealized gains or losses on the MRB.

The maximum exposure to loss for the property loans as of December 31, 2018 and 2017 is equal to the unpaid principal balance plus accrued interest. The difference between a property loans' carrying value and the maximum exposure is the value of loan loss allowances, if any, that have been recorded against the property loans.

The maximum exposure to loss for investments in unconsolidated entities as of December 31, 2018 and 2017 is equal to the Partnership's carrying value.

6. Investments in Mortgage Revenue Bonds

The Partnership owns MRBs that were issued by state and local governments, their agencies and authorities to finance the construction or rehabilitation of income-producing real estate properties. However, the MRBs do not constitute an obligation of any state or local government, agency or authority and no state or local government, agency or authority is liable on them, nor is the taxing power of any state or local government pledged to the payment of principal or interest on the MRBs. The MRBs are non-recourse obligations of the respective owners of the properties. The sole source of the funds to pay principal and interest on the MRBs is the net cash flow or the sale or refinancing proceeds from the properties. Each MRB is collateralized by a mortgage on all real and personal property included in the related property. The MRBs bear interest at a fixed rate and certain MRBs may provide for the payment of additional contingent interest that is payable from available net cash flow generated by the related property. There were no outstanding MRBs with contingent interest provisions as of December 31, 2018.

The following tables present information regarding the MRBs owned by the Partnership as of December 31, 2018 and 2017:

		December 31, 2018			
Description of Mortgage Revenue Bonds Held in Trust	State	Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
Courtyard - Series A (5)	CA	$ 10,230,000	$ 954,573	$ -	$ 11,184,573
Glenview Apartments - Series A (4)	CA	4,581,930	524,024	-	5,105,954
Harmony Court Bakersfield - Series A (5)	CA	3,730,000	312,844	-	4,042,844
Harmony Terrace - Series A (5)	CA	6,900,000	647,686	-	7,547,686
Harden Ranch - Series A (3)	CA	6,775,508	1,007,557	-	7,783,065
Las Palmas II - Series A (5)	CA	1,692,774	141,187	-	1,833,961
Montclair Apartments - Series A (4)	CA	2,482,288	246,752	-	2,729,040
Montecito at Williams Ranch Apartments - Series A (2)	CA	7,690,000	973,133	-	8,663,133
San Vicente - Series A (5)	CA	3,490,410	291,121	-	3,781,531
Santa Fe Apartments - Series A (4)	CA	3,007,198	401,203	-	3,408,401
Seasons at Simi Valley - Series A (5)	CA	4,325,536	655,326	-	4,980,862
Seasons Lakewood - Series A (5)	CA	7,350,000	654,929	-	8,004,929
Seasons San Juan Capistrano - Series A (5)	CA	12,375,000	1,102,687	-	13,477,687
Summerhill - Series A (5)	CA	6,423,000	508,639	-	6,931,639
Sycamore Walk - Series A (5)	CA	3,598,006	363,405	-	3,961,411
The Village at Madera - Series A (5)	CA	3,085,000	229,934	-	3,314,934
Tyler Park Townhomes - Series A (3)	CA	5,903,368	731,073	-	6,634,441
Vineyard Gardens - Series A (2)	CA	3,995,000	534,351	-	4,529,351
Westside Village Market - Series A (3)	CA	3,857,839	483,436	-	4,341,275
Brookstone (1)	IL	7,432,076	1,956,010	-	9,388,086
Copper Gate Apartments (3)	IN	5,055,000	643,012	-	5,698,012
Renaissance - Series A (4)	LA	11,123,800	1,383,680	-	12,507,480
Live 929 Apartments (2)	MD	40,240,405	2,873,978	-	43,114,383
Woodlynn Village (1)	MN	4,221,000	34,155	-	4,255,155
Greens Property - Series A (3)	NC	8,032,000	818,686	-	8,850,686
Silver Moon - Series A (4)	NM	7,822,610	778,940	-	8,601,550
Ohio Properties - Series A (1)	OH	13,989,000	241,675	-	14,230,675
Bridle Ridge (1)	SC	7,395,000	90,349	-	7,485,349
Columbia Gardens (5)	SC	13,222,480	1,396,828	-	14,619,308
Companion at Thornhill Apartments (5)	SC	11,294,928	1,148,219	-	12,443,147
Cross Creek (1)	SC	6,143,919	2,540,949	-	8,684,868
The Palms at Premier Park Apartments (3)	SC	19,044,617	2,194,791	-	21,239,408
Village at River's Edge (5)	SC	9,938,059	1,421,114	-	11,359,173
Willow Run (5)	SC	13,040,029	1,375,542	-	14,415,571
Arbors at Hickory Ridge (3)	TN	11,194,690	1,399,461	-	12,594,151
Pro Nova 2014-1 (2)	TN	10,027,413	19,710	-	10,047,123
Avistar at Copperfield - Series A (2)	TX	10,000,000	589,196	-	10,589,196
Avistar at the Crest - Series A (3)	TX	9,357,374	1,036,288	-	10,393,662
Avistar at the Oaks - Series A (3)	TX	7,558,240	706,970	-	8,265,210
Avistar at the Parkway - Series A (4)	TX	13,114,418	1,232,292	-	14,346,710
Avistar at Wilcrest - Series A (2)	TX	3,775,000	206,263	-	3,981,263
Avistar at Wood Hollow - Series A (2)	TX	31,850,000	1,624,687	-	33,474,687
Avistar in 09 - Series A (3)	TX	6,526,247	525,939	-	7,052,186
Avistar on the Boulevard - Series A (3)	TX	15,941,296	1,628,269	-	17,569,565
Avistar on the Hills - Series A (3)	TX	5,221,971	557,084	-	5,779,055
Bruton Apartments (5)	TX	17,933,482	2,046,056	-	19,979,538
Concord at Gulfgate - Series A (5)	TX	19,144,400	2,222,555	-	21,366,955
Concord at Little York - Series A (5)	TX	13,411,558	1,617,217	-	15,028,775
Concord at Williamcrest - Series A (5)	TX	20,775,940	2,505,243	-	23,281,183
Crossing at 1415 - Series A (5)	TX	7,474,716	600,738	-	8,075,454
Decatur Angle (5)	TX	22,630,276	1,945,516	-	24,575,792
Esperanza at Palo Alto (5)	TX	19,487,713	2,350,453	-	21,838,166
Heights at 515 - Series A (5)	TX	6,843,232	722,522	-	7,565,754
Heritage Square - Series A (4)	TX	10,958,661	893,881	-	11,852,542
Oaks at Georgetown - Series A (5)	TX	12,330,000	693,579	-	13,023,579
Runnymede (1)	TX	10,040,000	64,280	-	10,104,280
Southpark (1)	TX	11,623,649	2,482,923	-	14,106,572
15 West Apartments (5)	WA	9,737,418	1,480,489	-	11,217,907
Mortgage revenue bonds held in trust		$ 586,445,474	$ 58,813,399	$ -	$ 645,258,873

(1) MRB owned by ATAX TEBS I, LLC (M24 TEBS), see Note 14
(2) MRB held by Deutsche Bank in a secured financing transaction, see Note 14

(3) MRB owned by ATAX TEBS II, LLC (M31 TEBS), see Note 14
(4) MRB owned by ATAX TEBS III, LLC (M33 TEBS), see Note 14
(5) MRB owned by ATAX TEBS IV, LLC (M45 TEBS), see Note 14

		December 31, 2018			
Description of Mortgage Revenue Bonds held by the Partnership	State	Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
Courtyard - Series B	CA	$ 6,228,000	$ 2,450	$ -	$ 6,230,450
Seasons San Juan Capistrano - Series B	CA	5,574,000	-	(1,078)	5,572,922
Solano Vista - Series A & B	CA	5,768,000	-	-	5,768,000
Greens Property - Series B	NC	933,928	149,789	-	1,083,717
Village at Avalon - Series A	NM	16,400,000	1,408,802	-	17,808,802
Ohio Properties - Series B	OH	3,520,900	51,334	-	3,572,234
Rosewood Townhomes - Series A & B	SC	9,750,000	-	(644,962)	9,105,038
South Pointe Apartments - Series A & B	SC	22,700,000	-	(1,411,986)	21,288,014
Avistar at Copperfield - Series B	TX	4,000,000	11,730	-	4,011,730
Avistar at the Crest - Series B	TX	745,358	50,965	-	796,323
Avistar at the Oaks - Series B	TX	545,321	28,738	-	574,059
Avistar at the Parkway - Series B	TX	124,600	32,220	-	156,820
Avistar at Wilcrest - Series B	TX	1,550,000	4,013	-	1,554,013
Avistar at Wood Hollow - Series B	TX	8,410,000	23,940	-	8,433,940
Avistar in 09 - Series B	TX	449,841	18,742	-	468,583
Avistar on the Boulevard - Series B	TX	442,894	27,023	-	469,917
Mortgage revenue bonds held by the Partnership		$ 87,142,842	$ 1,809,746	$ (2,058,026)	$ 86,894,562

Description of Mortgage Revenue Bonds Held in Trust	State	December 31, 2017 Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
Courtyard - Series A & B (2)	CA	$ 16,458,000	$ 1,226,192	$ -	$ 17,684,192
Glenview Apartments - Series A (4)	CA	4,627,228	523,464	-	5,150,692
Harmony Court Bakersfield - Series A (2)	CA	3,730,000	430,637	-	4,160,637
Harmony Terrace - Series A & B (2)	CA	14,300,000	871,221	-	15,171,221
Harden Ranch - Series A (3)	CA	6,845,985	1,182,914	-	8,028,899
Las Palmas II - Series A & B (2)	CA	3,465,000	193,418	-	3,658,418
Montclair Apartments - Series A (4)	CA	2,506,828	398,840	-	2,905,668
San Vicente - Series A & B (2)	CA	5,320,000	309,038	-	5,629,038
Santa Fe Apartments - Series A (4)	CA	3,036,928	535,673	-	3,572,601
Seasons at Simi Valley - Series A (2)	CA	4,366,195	807,864	-	5,174,059
Seasons Lakewood - Series A & B (2)	CA	12,610,000	884,537	-	13,494,537
Seasons San Juan Capistrano - Series A & B (2)	CA	18,949,000	1,233,570	-	20,182,570
Summerhill - Series A & B (2)	CA	9,795,000	738,806	-	10,533,806
Sycamore Walk - Series A (2)	CA	3,632,000	490,314	-	4,122,314
The Village at Madera - Series A & B (2)	CA	4,804,000	355,303	-	5,159,303
Tyler Park Townhomes - Series A (3)	CA	5,965,475	807,688	-	6,773,163
Westside Village Market - Series A (3)	CA	3,898,427	568,423	-	4,466,850
Lake Forest (1)	FL	8,505,000	1,579,885	-	10,084,885
Brookstone (1)	IL	7,450,595	2,017,019	-	9,467,614
Copper Gate Apartments (3)	IN	5,100,000	778,339	-	5,878,339
Renaissance - Series A (4)	LA	11,239,441	2,096,328	-	13,335,769
Live 929 Apartments (2)	MD	40,573,347	3,710,942	-	44,284,289
Woodlynn Village (1)	MN	4,267,000	44,428	-	4,311,428
Greens Property - Series A (3)	NC	8,126,000	1,113,852	-	9,239,852
Silver Moon - Series A (4)	NM	7,879,590	1,140,448	-	9,020,038
Ohio Properties - Series A (1)	OH	14,113,000	788,199	-	14,901,199
Bridle Ridge (1)	SC	7,465,000	1,199	-	7,466,199
Columbia Gardens (2)	SC	13,396,856	1,413,831	-	14,810,687
Companion at Thornhill Apartments (2)	SC	11,404,758	1,284,441	-	12,689,199
Cross Creek (1)	SC	6,136,553	2,850,344	-	8,986,897
The Palms at Premier Park Apartments (3)	SC	19,238,297	2,712,429	-	21,950,726
Village at River's Edge (2)	SC	10,000,000	1,182,706	-	11,182,706
Willow Run (2)	SC	13,212,587	1,391,536	-	14,604,123
Arbors at Hickory Ridge (3)	TN	11,342,234	1,693,626	-	13,035,860
Pro Nova 2014-1 (2)	TN	10,038,889	133,878	-	10,172,767
Avistar at Copperfield - Series A (2)	TX	10,000,000	628,644	-	10,628,644
Avistar at the Crest - Series A (3)	TX	9,456,384	1,187,142	-	10,643,526
Avistar at the Oaks - Series A (3)	TX	7,635,895	938,465	-	8,574,360
Avistar at the Parkway - Series A (4)	TX	13,233,665	932,753	-	14,166,418
Avistar at Wilcrest - Series A (2)	TX	3,775,000	125,170	-	3,900,170
Avistar at Wood Hollow - Series A (2)	TX	31,850,000	1,865,826	-	33,715,826
Avistar in 09 - Series A (3)	TX	6,593,300	716,944	-	7,310,244
Avistar on the Boulevard - Series A (3)	TX	16,109,972	1,947,465	-	18,057,437
Avistar on the Hills - Series A (3)	TX	5,275,623	648,383	-	5,924,006
Bella Vista (1)	TX	6,295,000	42,718	-	6,337,718
Bruton Apartments (2)	TX	18,051,775	3,042,939	-	21,094,714
Concord at Gulfgate - Series A (2)	TX	19,185,000	2,759,654	-	21,944,654
Concord at Little York - Series A (2)	TX	13,440,000	1,999,572	-	15,439,572
Concord at Williamcrest - Series A (2)	TX	20,820,000	2,994,839	-	23,814,839
Crossing at 1415 - Series A (2)	TX	7,540,000	634,091	-	8,174,091
Decatur Angle (2)	TX	22,794,912	2,985,955	-	25,780,867
Heights at 515 - Series A (2)	TX	6,903,000	580,522	-	7,483,522
Heritage Square - Series A (4)	TX	11,063,027	993,609	-	12,056,636
Oaks at Georgetown - Series A & B (2)	TX	17,842,000	915,705	-	18,757,705
Runnymede (1)	TX	10,150,000	79,514	-	10,229,514
Southpark (1)	TX	11,693,138	2,960,294	-	14,653,432
Vantage at Judson -Series B (4)	TX	26,133,557	3,117,969	-	29,251,526
15 West Apartments (2)	WA	9,797,833	1,839,648	-	11,637,481
Mortgage revenue bonds held in trust		$ 639,438,294	$ 71,429,153	$ -	$ 710,867,447

(1) MRB owned by ATAX TEBS I, LLC (M24 TEBS), see Note 14
(2) MRB held by Deutsche Bank in a secured financing transaction, see Note 14
(3) MRB owned by ATAX TEBS II, LLC (M31 TEBS), see Note 14
(4) MRB owned by ATAX TEBS III, LLC (M33 TEBS), see Note 14

Description of Mortgage Revenue Bonds held by the Partnership	State	December 31, 2017 Cost Adjusted for Paydowns	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
Montecito at Williams Ranch Apartments - Series A & B	CA	$ 12,471,000	$ 1,111,807	$ -	$ 13,582,807
Seasons at Simi Valley - Series B	CA	1,944,000	-	(466)	1,943,534
Sycamore Walk - Series B	CA	1,815,000	-	(151)	1,814,849
Vineyard Gardens - Series A & B	CA	6,841,000	-	-	6,841,000
Greens Property - Series B	NC	937,399	193,991	-	1,131,390
Ohio Properties - Series B	OH	3,536,060	149,630	-	3,685,690
Rosewood Townhomes - Series A & B	SC	9,750,000	-	-	9,750,000
South Pointe Apartments - Series A & B	SC	22,700,000	-	-	22,700,000
Avistar at Copperfield - Series B	TX	4,000,000	13,514	-	4,013,514
Avistar at the Crest - Series B	TX	749,455	58,871	-	808,326
Avistar at the Oaks - Series B	TX	548,202	41,286	-	589,488
Avistar at the Parkway - Series B	TX	124,861	30,715	-	155,576
Avistar at Wilcrest - Series B	TX	1,550,000	5,306	-	1,555,306
Avistar at Wood Hollow - Series B	TX	8,410,000	30,276	-	8,440,276
Avistar in 09 - Series B	TX	452,217	28,675	-	480,892
Avistar on the Boulevard - Series B	TX	445,328	33,232	-	478,560
Mortgage revenue bonds held by the Partnership		$ 76,274,522	$ 1,697,303	$ (617)	$ 77,971,208

See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the MRBs. Unrealized gains or losses on the MRBs are recorded in the Partnership's consolidated statements of comprehensive income to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the MRBs.

MRB Activity in 2018:

Acquisitions:

The following MRBs were acquired during the year ended December 31, 2018:

Property Name	Month Acquired	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Acquisition
Esperanza at Palo Alto (1)	May	San Antonio, TX	322	7/1/2058	5.80 %	$ 19,540,000
Solano Vista - Series A	December	Vallejo, CA	96	1/1/2036	5.85 %	2,665,000
Solano Vista - Series B	December	Vallejo, CA	96	1/1/2021	5.85 %	3,103,000
Village at Avalon (1)	December	Albuquerque, NM	240	1/1/2059	5.80 %	16,400,000
						$ 41,708,000

(1) Previously reported bond purchase commitment that converted to an MRB.

Redemptions:

The following MRBs were redeemed at prices that approximated the Partnership's carrying value plus accrued interest during the year ended December 31, 2018:

Property Name	Month Redeemed	Property Location	Units	Original Maturity Date	Base Interest Rate	Principal Outstanding at Date of Redemption
Sycamore Walk - Series B	January	Bakersfield, CA	112	1/1/2018	8.00%	$ 1,815,000
Seasons Lakewood - Series B	March	Lakewood, CA	85	1/1/2019	8.00%	5,260,000
Summerhill - Series B	March	Bakersfield, CA	128	12/1/2018	8.00%	3,372,000
Oaks at Georgetown - Series B	April	Georgetown, TX	192	1/1/2019	8.00%	5,512,000
Seasons at Simi Valley - Series B	April	Simi Valley, CA	69	9/1/2018	8.00%	1,944,000
San Vicente - Series B	May	Soledad, CA	50	11/1/2018	8.00%	1,825,000
The Village at Madera - Series B	May	Madera, CA	75	12/1/2018	8.00%	1,719,000
Las Palmas - Series B	July	Coachella, CA	81	11/1/2018	8.00%	1,770,000
Harmony Terrace - Series B	August	Simi Valley, CA	136	1/1/2019	8.00%	7,400,000
Lake Forest	September	Daytona Beach, FL	240	12/1/2031	6.25%	8,397,000
Bella Vista	October	Gainesville, TX	144	4/1/2046	6.15%	6,225,000
Montecito at Williams Ranch Apartments - Series B	December	Salinas, CA	132	10/1/2019	8.00%	4,781,000
Vantage at Judson - Series B	December	San Antonio, TX	288	1/1/2053	6.00%	25,908,568
Vineyard Gardens - Series B	December	Oxnard, CA	62	1/1/2020	5.50%	2,846,000
						$ 78,774,568

Upon redemption of the Lake Forest MRB, the Partnership realized contingent interest income of approximately $4.2 million, which is considered either Tier 2 or Tier 3 income (see Note 3). The Partnership also realized additional income due to the early redemption of the MRB of approximately $1.5 million. The additional income is reported within other income on the Partnership's consolidated statements of operations.

Upon redemption of the Vantage at Judson Series B MRB, the Partnership realized additional income for the early redemption of the MRB of approximately $2.2 million. The additional income is reported within other income on the Partnership's consolidated statements of operations.

MRB Activity in 2017

Acquisitions:

The following MRBs were acquired during the year ended December 31, 2017:

Property Name	Month Acquired	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Acquisition
Avistar at Copperfield - Series A	February	Houston, TX	192	5/1/2054	5.75%	$ 10,000,000
Avistar at Copperfield - Series B	February	Houston, TX	192	6/1/2054	12.00%	4,000,000
Avistar at Wilcrest - Series A	February	Houston, TX	88	5/1/2054	5.75%	3,775,000
Avistar at Wilcrest - Series B	February	Houston, TX	88	6/1/2054	12.00%	1,550,000
Avistar at Wood Hollow - Series A	February	Austin, TX	409	5/1/2054	5.75%	31,850,000
Avistar at Wood Hollow - Series B	February	Austin, TX	409	6/1/2054	12.00%	8,410,000
Montecito at Williams Ranch Apartments - Series A	September	Salinas, CA	132	10/1/2034	5.50%	7,690,000
Montecito at Williams Ranch Apartments - Series B	September	Salinas, CA	132	10/1/2019	5.50%	4,781,000
Village at River's Edge (1)	November	Columbia, SC	124	6/1/2033	6.00%	10,000,000
Rosewood Townhomes - Series A	December	Goose Creek, SC	100	7/1/2055	5.75%	9,280,000
Rosewood Townhomes - Series B	December	Goose Creek, SC	100	8/1/2055	12.00%	470,000
South Pointe Apartments - Series A	December	Hanahan, SC	256	7/1/2055	5.75%	21,600,000
South Pointe Apartments - Series B	December	Hanahan, SC	256	8/1/2055	12.00%	1,100,000
Vineyard Gardens - Series A	December	Oxnard, CA	62	1/1/2035	5.50%	3,995,000
Vineyard Gardens - Series B	December	Oxnard, CA	62	1/1/2020	5.50%	2,846,000
						$ 121,347,000

(1) Previously reported bond purchase commitment that converted to an MRB .

Redemptions:

The following MRBs were redeemed at prices that approximated the Partnership's carrying value plus accrued interest during the year ended December 31, 2017:

Property Name	Month Redeemed	Property Location	Units	Original Maturity Date	Base Interest Rate	Principal Outstanding at Date of Redemption
Harmony Court Bakersfield - Series B	August	Bakersfield, CA	96	12/1/2018	5.50%	$ 1,997,000
Vantage at Harlingen - Series B	October	San Antonio, TX	288	9/1/2053	6.00%	24,363,221
Ashley Square	November	Des Moines, IA	144	12/1/2025	6.25%	4,982,000
Avistar at Chase Hill - Series A	November	San Antonio, TX	232	3/1/2050	6.00%	9,757,084
Avistar at Chase Hill - Series B	November	San Antonio, TX	232	4/1/2050	9.00%	953,278
Crossing at 1415 - Series B	November	San Antonio, TX	112	1/1/2053	12.00%	335,000
						$ 42,387,583

Upon redemption of the Vantage at Harlingen Series B MRB, the Partnership realized additional income for the early redemption of the MRB of approximately $424,000. The additional income is reported within other income on the Partnership's consolidated statements of operations.

Upon redemption of the Avistar at Chase Hill MRBs, the Partnership realized additional income for the early redemption of the MRB of approximately $200,000. The additional income is reported within other income on the Partnership's consolidated statements of operations. The Partnership also realized additional interest income related to the redemption of the Avistar at Chase Hill - Series B MRB of approximately $101,000. The additional interest income is reported within investment income on the Partnership's consolidated statements of operations.

Upon redemption of the Ashley Square MRB, the Partnership realized contingent interest income of approximately $2.9 million.

Restructurings:

In December 2017, the Heights at 515 MRBs were restructured. The $510,000 of principal outstanding on the Heights at 515 - Series B MRB was collapsed into the Heights at 515 - Series A MRB and the Series B MRB was eliminated. No cash was paid or received on restructuring. The terms of the Heights at 515 - Series B MRB that was eliminated were as follows:

Property Name	Month Restructured	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Restructuring
Heights at 515 - Series B	November	San Antonio, TX	97	1/1/2053	12.00 %	$ 510,000

Geographic Concentrations

The properties securing the Partnership's MRBs are geographically dispersed throughout the United States with significant concentrations in Texas, California and South Carolina. The table below summarizes the geographic concentrations in these states as a percentage of the total MRB principal outstanding:

	December 31, 2018	December 31, 2017
Texas	43 %	44 %
California	18 %	20 %
South Carolina	17 %	16 %

The following tables represent a description of certain terms of the Partnership's MRBs as of December 31, 2018, and 2017:

Property Name	Year Acquired	Location	Maturity Date	Base Interest Rate	Principal Outstanding as of December 31, 2018
15 West Apartments - Series A[5]	2016	Vancouver, WA	7/1/2054	6.25 %	$ 9,737,418
Arbors at Hickory Ridge[3]	2012	Memphis, TN	1/1/2049	6.25 %	11,115,410
Avistar at Copperfield - Series A[2]	2017	Houston, TX	5/1/2054	5.75 %	10,000,000
Avistar at Copperfield - Series B	2017	Houston, TX	6/1/2054	12.00 %	4,000,000
Avistar on the Boulevard - Series A[3]	2013	San Antonio, TX	3/1/2050	6.00 %	15,941,296
Avistar at the Crest - Series A[3]	2013	San Antonio, TX	3/1/2050	6.00 %	9,357,374
Avistar (February 2013 Acquisition) - Series B (2 Bonds)	2013	San Antonio, TX	4/1/2050	9.00 %	1,188,251
Avistar at the Oaks - Series A[3]	2013	San Antonio, TX	8/1/2050	6.00 %	7,558,240
Avistar in 09 - Series A[3]	2013	San Antonio, TX	8/1/2050	6.00 %	6,526,247
Avistar on the Hills - Series A[3]	2013	San Antonio, TX	8/1/2050	6.00 %	5,221,971
Avistar (June 2013 Acquisition) - Series B (2 Bonds)	2013	San Antonio, TX	9/1/2050	9.00 %	995,162
Avistar at the Parkway - Series A[4]	2015	San Antonio, TX	5/1/2052	6.00 %	13,114,418
Avistar at the Parkway - Series B	2015	San Antonio, TX	6/1/2052	12.00 %	124,600
Avistar at Wilcrest - Series A[2]	2017	Houston, TX	5/1/2054	5.75 %	3,775,000
Avistar at Wilcrest - Series B	2017	Houston, TX	6/1/2054	12.00 %	1,550,000
Avistar at Wood Hollow - Series A[2]	2017	Austin, TX	5/1/2054	5.75 %	31,850,000
Avistar at Wood Hollow - Series B	2017	Austin, TX	6/1/2054	12.00 %	8,410,000
Bridle Ridge[1]	2008	Greer, SC	1/1/2043	6.00 %	7,395,000
Brookstone[1]	2009	Waukegan, IL	5/1/2040	5.45 %	8,876,298
Bruton[5]	2014	Dallas, TX	8/1/2054	6.00 %	17,933,482
Columbia Gardens[5]	2015	Columbia, SC	12/1/2050	5.50 %	13,061,000
Companion at Thornhill Apartments[5]	2016	Lexington, SC	1/1/2052	5.80 %	11,294,928
Concord at Gulfgate - Series A[5]	2015	Houston, TX	2/1/2032	6.00 %	19,144,400
Concord at Little York - Series A[5]	2015	Houston, TX	2/1/2032	6.00 %	13,411,558
Concord at Williamcrest - Series A[5]	2015	Houston, TX	2/1/2032	6.00 %	20,775,940
Copper Gate Apartments[3]	2013	Lafayette, IN	12/1/2029	6.25 %	5,055,000
Courtyard Apartments - Series A[5]	2016	Fullerton, CA	12/1/2033	5.00 %	10,230,000
Courtyard Apartments - Series B	2016	Fullerton, CA	6/1/2019	8.00 %	6,228,000
Cross Creek[1]	2009	Beaufort, SC	3/1/2049	6.15 %	8,072,754
Crossing at 1415 - Series A[5]	2015	San Antonio, TX	12/1/2052	6.00 %	7,474,716
Decatur Angle[5]	2014	Fort Worth, TX	1/1/2054	5.75 %	22,630,276
Esperanza at Palo Alto[5]	2018	San Antonio, TX	7/1/2058	5.80 %	19,487,713
Glenview - Series A[4]	2014	Cameron Park, CA	12/1/2031	5.75 %	4,581,930
Greens of Pine Glen - Series A[3]	2012	Durham, NC	10/1/2047	6.50 %	8,032,000
Greens of Pine Glen - Series B	2012	Durham, NC	10/1/2047	12.00 %	933,928
Harden Ranch - Series A[3]	2014	Salinas, CA	3/1/2030	5.75 %	6,775,508
Harmony Court Bakersfield - Series A[5]	2016	Bakersfield, CA	12/1/2033	5.00 %	3,730,000
Harmony Terrace - Series A[5]	2016	Simi Valley, CA	1/1/2034	5.00 %	6,900,000
Heights at 515 - Series A[5]	2015	San Antonio, TX	12/1/2052	6.00 %	6,843,232
Heritage Square - Series A[4]	2014	Edinburg, TX	9/1/2051	6.00 %	10,958,661
Las Palmas II - Series A[5]	2016	Coachella, CA	11/1/2033	5.00 %	1,692,774
Live 929[2]	2014	Baltimore, MD	7/1/2049	5.78 %	39,875,000
Montclair - Series A[4]	2014	Lemoore, CA	12/1/2031	5.75 %	2,482,288
Montecito at Williams Ranch - Series A[2]	2017	Salinas, CA	10/1/2034	5.50 %	7,690,000
Oaks at Georgetown - Series A[5]	2016	Georgetown, TX	1/1/2034	5.00 %	12,330,000
Ohio Bond - Series A[1]	2010	Ohio	6/1/2050	7.00 %	13,989,000
Ohio Bond - Series B	2010	Ohio	6/1/2050	10.00 %	3,520,900
Pro Nova - 2014-1[2]	2014	Knoxville, TN	5/1/2034	6.00 %	10,000,000
Renaissance - Series A[4]	2015	Baton Rouge, LA	6/1/2050	6.00 %	11,123,800
Rosewood Townhomes - Series A	2017	Goose Creek, SC	7/1/2055	5.75 %	9,280,000
Rosewood Townhomes - Series B	2017	Goose Creek, SC	8/1/2055	12.00 %	470,000
Runnymede[1]	2007	Austin, TX	10/1/2042	6.00 %	10,040,000
San Vicente - Series A[5]	2016	Soledad, CA	11/1/2033	5.00 %	3,490,410
Santa Fe - Series A[4]	2014	Hesperia, CA	12/1/2031	5.75 %	3,007,198
Seasons at Simi Valley - Series A[5]	2015	Simi Valley, CA	9/1/2032	5.75 %	4,325,536
Seasons Lakewood - Series A[5]	2016	Lakewood, CA	1/1/2034	5.00 %	7,350,000
Seasons San Juan Capistrano - Series A[5]	2016	San Juan Capistrano, CA	1/1/2034	5.00 %	12,375,000
Seasons San Juan Capistrano - Series B	2016	San Juan Capistrano, CA	1/1/2019	8.00 %	5,574,000
Silver Moon - Series A[4]	2015	Albuquerque, NM	8/1/2055	6.00 %	7,822,610
Solano Vista - Series A	2018	Vallejo, CA	1/1/2036	5.85 %	2,665,000
Solano Vista - Series B	2018	Vallejo, CA	1/1/2021	5.85 %	3,103,000
South Pointe - Series A	2017	Hanahan, SC	7/1/2055	5.75 %	21,600,000
South Pointe - Series B	2017	Hanahan, SC	8/1/2055	12.00 %	1,100,000
Southpark[1]	2009	Austin, TX	12/1/2049	6.13 %	13,155,000
Summerhill - Series A[5]	2016	Bakersfield, CA	12/1/2033	5.00 %	6,423,000
Sycamore Walk - Series A[5]	2015	Bakersfield, CA	1/1/2033	5.25 %	3,598,006
The Palms at Premier Park[3]	2013	Columbia, SC	1/1/2050	6.25 %	19,044,617
Tyler Park Townhomes[3]	2013	Greenfield, CA	1/1/2030	5.75 %	5,903,368
The Village at Madera - Series A[5]	2016	Madera, CA	12/1/2033	5.00 %	3,085,000
Village at Avalon	2018	Albuquerque, NM	1/1/2059	5.80 %	16,400,000
Village at River's Edge[5]	2017	Columbia, SC	6/1/2033	6.00 %	9,938,059
Vineyard Gardens - Series A[2]	2017	Oxnard, CA	1/1/2035	5.50 %	3,995,000
Westside Village Market[3]	2013	Shafter, CA	1/1/2030	5.75 %	3,857,839
Willow Run[5]	2015	Columbia, SC	12/1/2050	5.50 %	12,879,000
Woodlynn Village[1]	2008	Maplewood, MN	11/1/2042	6.00 %	4,221,000
					$ 677,698,116

(1) MRB owned by ATAX TEBS I, LLC (M24 TEBS), see Note 14
(2) MRB held by Deutsche Bank AG in a secured financing transaction, see Note 14

(3) MRB owned by ATAX TEBS II, LLC (M31 TEBS), see Note 14
(4) MRB owned by ATAX TEBS III, LLC (M33 TEBS), see Note 14
(5) MRB owned by ATAX TEBS IV, LLC (M45 TEBS), see Note 14

Property Name	Year Acquired	Location	Maturity Date	Base Interest Rate	Principal Outstanding as of December 31, 2017
15 West Apartments - Series A [2]	2016	Vancouver, WA	7/1/2054	6.25 %	$ 9,797,833
Arbors at Hickory Ridge [3]	2012	Memphis, TN	1/1/2049	6.25 %	11,237,041
Avistar at Copperfield - Series A [2]	2017	Houston, TX	5/1/2054	5.75 %	10,000,000
Avistar at Copperfield - Series B	2017	Houston, TX	6/1/2054	12.00 %	4,000,000
Avistar on the Boulevard - Series A [3]	2013	San Antonio, TX	3/1/2050	6.00 %	16,109,972
Avistar at the Crest - Series A [3]	2013	San Antonio, TX	3/1/2050	6.00 %	9,456,384
Avistar (February 2013 Acquisition) - Series B (2 Bonds)	2013	San Antonio, TX	4/1/2050	9.00 %	1,194,783
Avistar at the Oaks - Series A [3]	2013	San Antonio, TX	8/1/2050	6.00 %	7,635,895
Avistar in 09 - Series A [3]	2013	San Antonio, TX	8/1/2050	6.00 %	6,593,300
Avistar on the Hills - Series A [3]	2013	San Antonio, TX	8/1/2050	6.00 %	5,275,623
Avistar (June 2013 Acquisition) - Series B (2 Bonds)	2013	San Antonio, TX	9/1/2050	9.00 %	1,000,419
Avistar at the Parkway - Series A [4]	2015	San Antonio, TX	5/1/2052	6.00 %	13,233,665
Avistar at the Parkway - Series B	2015	San Antonio, TX	6/1/2052	12.00 %	124,861
Avistar at Wilcrest - Series A [2]	2017	Houston, TX	5/1/2054	5.75 %	3,775,000
Avistar at Wilcrest - Series B	2017	Houston, TX	6/1/2054	12.00 %	1,550,000
Avistar at Wood Hollow - Series A [2]	2017	Austin, TX	5/1/2054	5.75 %	31,850,000
Avistar at Wood Hollow - Series B	2017	Austin, TX	6/1/2054	12.00 %	8,410,000
Bella Vista [1]	2006	Gainesville, TX	4/1/2046	6.15 %	6,295,000
Bridle Ridge [1]	2008	Greer, SC	1/1/2043	6.00 %	7,465,000
Brookstone [1]	2009	Waukegan, IL	5/1/2040	5.45 %	8,979,174
Bruton [2]	2014	Dallas, TX	8/1/2054	6.00 %	18,051,775
Columbia Gardens [2]	2015	Columbia, SC	12/1/2050	5.50 %	13,193,000
Companion at Thornhill Apartments [2]	2016	Lexington, SC	1/1/2052	5.80 %	11,404,758
Concord at Gulfgate - Series A [2]	2015	Houston, TX	2/1/2032	6.00 %	19,185,000
Concord at Little York - Series A [2]	2015	Houston, TX	2/1/2032	6.00 %	13,440,000
Concord at Williamcrest - Series A [2]	2015	Houston, TX	2/1/2032	6.00 %	20,820,000
Copper Gate Apartments [3]	2013	Lafayette, IN	12/1/2029	6.25 %	5,100,000
Courtyard Apartments - Series A [2]	2016	Fullerton, CA	12/1/2033	5.00 %	10,230,000
Courtyard Apartments - Series B [2]	2016	Fullerton, CA	12/1/2018	8.00 %	6,228,000
Cross Creek [1]	2009	Beaufort, SC	3/1/2049	6.15 %	8,168,529
Crossing at 1415 - Series A [2]	2015	San Antonio, TX	12/1/2052	6.00 %	7,540,000
Decatur Angle [2]	2014	Fort Worth, TX	1/1/2054	5.75 %	22,794,912
Glenview - Series A [4]	2014	Cameron Park, CA	12/1/2031	5.75 %	4,627,228
Greens of Pine Glen - Series A [3]	2012	Durham, NC	10/1/2047	6.50 %	8,126,000
Greens of Pine Glen - Series B	2012	Durham, NC	10/1/2047	9.00 %	937,399
Harden Ranch - Series A [3]	2014	Salinas, CA	3/1/2030	5.75 %	6,845,985
Harmony Court Bakersfield - Series A [2]	2016	Bakersfield, CA	12/1/2033	5.00 %	3,730,000
Harmony Terrace - Series A [2]	2016	Simi Valley, CA	1/1/2034	5.00 %	6,900,000
Harmony Terrace - Series B [2]	2016	Simi Valley, CA	1/1/2019	5.50 %	7,400,000
Heights at 515 - Series A [2]	2015	San Antonio, TX	12/1/2052	6.00 %	6,903,000
Heritage Square - Series A [4]	2014	Edinburg, TX	9/1/2051	6.00 %	11,063,027
Lake Forest Apartments [1]	2001	Daytona Beach, FL	12/1/2031	6.25 %	8,505,000
Las Palmas II - Series A [2]	2016	Coachella, CA	11/1/2033	5.00 %	1,695,000
Las Palmas II - Series B [2]	2016	Coachella, CA	11/1/2018	8.00 %	1,770,000
Live 929 [2]	2014	Baltimore, MD	7/1/2049	5.78 %	39,995,000
Montclair - Series A [4]	2014	Lemoore, CA	12/1/2031	5.75 %	2,506,828
Montecito at Williams Ranch - Series A	2017	Salinas, CA	10/1/2034	5.50 %	7,690,000
Montecito at Williams Ranch - Series B	2017	Salinas, CA	10/1/2019	5.50 %	4,781,000
Oaks at Georgetown - Series A [2]	2016	Georgetown, TX	1/1/2034	5.00 %	12,330,000
Oaks at Georgetown - Series B [2]	2016	Georgetown, TX	1/1/2019	5.50 %	5,512,000
Ohio Bond - Series A [1]	2010	Ohio	6/1/2050	7.00 %	14,113,000
Ohio Bond - Series B	2010	Ohio	6/1/2050	10.00 %	3,536,060
Pro Nova - 2014-1 [2]	2014	Knoxville, TN	5/1/2034	6.00 %	10,000,000
Renaissance - Series A [4]	2015	Baton Rouge, LA	6/1/2050	6.00 %	11,239,441
Rosewood Townhomes - Series A	2017	Goose Creek, SC	7/1/2055	5.75 %	9,280,000
Rosewood Townhomes - Series B	2017	Goose Creek, SC	8/1/2055	12.00 %	470,000
Runnymede [1]	2007	Austin, TX	10/1/2042	6.00 %	10,150,000
San Vicente - Series A [2]	2016	Soledad, CA	11/1/2033	5.00 %	3,495,000
San Vicente - Series B [2]	2016	Soledad, CA	11/1/2018	8.00 %	1,825,000
Santa Fe - Series A [4]	2014	Hesperia, CA	12/1/2031	5.75 %	3,036,928
Seasons at Simi Valley - Series A [2]	2015	Simi Valley, CA	9/1/2032	5.75 %	4,366,195
Seasons at Simi Valley - Series B	2015	Simi Valley, CA	9/1/2018	8.00 %	1,944,000
Seasons Lakewood - Series A [2]	2016	Lakewood, CA	1/1/2034	5.00 %	7,350,000
Seasons Lakewood - Series B [2]	2016	Lakewood, CA	1/1/2019	5.50 %	5,260,000
Seasons San Juan Capistrano - Series A [2]	2016	San Juan Capistrano, CA	1/1/2034	5.00 %	12,375,000
Seasons San Juan Capistrano - Series B [2]	2016	San Juan Capistrano, CA	1/1/2019	5.50 %	6,574,000
Silver Moon - Series A [4]	2015	Albuquerque, NM	8/1/2055	6.00 %	7,879,590
South Pointe - Series A	2017	Hanahan, SC	7/1/2055	5.75 %	21,600,000
South Pointe - Series B	2017	Hanahan, SC	8/1/2055	12.00 %	1,100,000
Southpark [1]	2009	Austin, TX	12/1/2049	6.13 %	13,300,000
Summerhill - Series A [2]	2016	Bakersfield, CA	12/1/2033	5.00 %	6,423,000
Summerhill - Series B [2]	2016	Bakersfield, CA	12/1/2018	8.00 %	3,372,000
Sycamore Walk - Series A [2]	2015	Bakersfield, CA	1/1/2033	5.25 %	3,632,000
Sycamore Walk - Series B	2015	Bakersfield, CA	1/1/2018	8.00 %	1,815,000
The Palms at Premier Park [3]	2013	Columbia, SC	1/1/2050	6.25 %	19,238,297
Tyler Park Townhomes [3]	2013	Greenfield, CA	1/1/2030	5.75 %	5,965,475
Vantage at Judson [4]	2015	San Antonio, TX	1/1/2053	6.00 %	26,133,557
The Village at Madera - Series A [2]	2016	Madera, CA	12/1/2033	5.00 %	3,085,000
The Village at Madera - Series B [2]	2016	Madera, CA	12/1/2018	8.00 %	1,719,000
Village at River's Edge [2]	2017	Columbia, SC	6/1/2033	6.00 %	10,000,000
Vineyard Gardens - Series A	2017	Oxnard, CA	1/1/2035	5.50 %	3,995,000
Vineyard Gardens - Series B	2017	Oxnard, CA	1/1/2020	5.50 %	2,846,000
Westside Village Market [3]	2013	Shafter, CA	1/1/2030	5.75 %	3,898,427
Willow Run [2]	2015	Columbia, SC	12/1/2050	5.50 %	13,009,000
Woodlynn Village [1]	2008	Maplewood, MN	11/1/2042	6.00 %	4,267,000
					$ 719,750,361

(1) MRB owned by ATAX TEBS I, LLC (M24 TEBS), see Note 14
(2) MRB held by Deutsche Bank AG in a secured financing transaction, see Note 14
(3) MRB held by ATAX TEBS II, LLC (M31 TEBS), see Note 14
(4) MRB owned by ATAX TEBS III, LLC (M33 TEBS), see Note 14

7. PHC Certificates

The Partnership's PHC Certificates are Residual Participation Receipts ("LIFERs") in three tender option bond trusts ("PHC Trusts"). The assets held by the PHC Trusts consist of custodial receipts evidencing loans made to numerous local public housing authorities. Principal and interest on these loans are payable by the respective public housing authorities out of annual appropriations to be made to the public housing authorities under the Department of Housing and Urban Development's ("HUD") Capital Fund Program established under the Quality Housing and Work Responsibility Act of 1998 (the "Capital Fund Program"). The PHC Trusts have a first lien on these annual Capital Fund Program payments to secure the public housing authorities' respective obligations to pay principal and interest on their loans. The loans payable by the public housing authorities are not debts of, or guaranteed by, the United States of America or HUD. Interest payable on the public housing authority debt held by the PHC Trusts is exempt from federal income taxes. The PHC Certificates issued by each of the PHC Trusts have been rated investment grade by Standard & Poor's.

The Partnership had the following investments in the PHC Certificates as of December 31, 2018 and 2017:

	December 31, 2018						
Description of PHC Certificates	Weighted Average Lives (Years)	Investment Rating	Weighted Average Interest Rate Over Life	Cost Adjusted for Paydowns and Impairment	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
PHC Certificate Trust I	6.49	AA-	5.33%	$ 24,608,543	$ 285,984	$ -	$ 24,894,527
PHC Certificate Trust II	5.56	A+	4.35%	9,071,785	44,768	-	9,116,553
PHC Certificate Trust III	6.76	BBB	5.30%	14,566,975	94,031	-	14,661,006
				$ 48,247,303	$ 424,783	$ -	$ 48,672,086

	December 31, 2017						
Description of PHC Certificates	Weighted Average Lives (Years)	Investment Rating	Weighted Average Interest Rate Over Life	Cost Adjusted for Paydowns and Impairment	Cumulative Unrealized Gain	Cumulative Unrealized Loss	Estimated Fair Value
PHC Certificate Trust I	7.31	AA-	5.39%	$ 25,109,305	$ -	$ -	$ 25,109,305
PHC Certificate Trust II	6.37	A+	4.32%	9,606,480	-	(248,189)	9,358,291
PHC Certificate Trust III	7.61	BBB	5.23%	15,451,249	-	(277,257)	15,173,992
				$ 50,167,034	$ -	$ (525,446)	$ 49,641,588

See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the PHC Certificates. Unrealized gains or losses on the PHC Certificates are recorded in the Partnership's consolidated statements of comprehensive income to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the PHC Certificates.

The Partnership recognized impairment charges on PHC Certificates of approximately $1.1 million and $762,000 during the years ended December 31, 2018 and 2017. There were no impairment charges recorded for the year ended December 31, 2016. See Note 2 for information considered in the Partnership's evaluation of impairment of the PHC Certificates.

8. Real Estate Assets

The Partn ership owns MF Properties either directly or through wholly-owned subsidiaries, as described in Note 2. The financial statements of the MF properties are consolidated with those of the Partnership. The Partnership also invests in land with plans to develop into rental properties or for future sale. These investments are reported as "Land held for development" below.

The following tables represent information regarding the real estate assets owned by the Partnership as of December 31, 2018 and 2017:

Real Estate Assets as of December 31, 2018

Property Name	Location	Number of Units	Land and Land Improvements	Buildings and Improvements	Carrying Value
Suites on Paseo	San Diego, CA	384	$ 3,195,468	$ 38,961,163	$ 42,156,631
The 50/50 MF Property	Lincoln, NE	475	-	32,935,907	32,935,907
Land held for development	(1)	(1)	1,776,197	-	1,776,197
					$ 76,868,735
Less accumulated depreciation					(12,272,387)
Total real estate assets					$ 64,596,348

(1) Land held for development consists of parcels of land in Gardner, KS and Richland County, SC and land development costs for a site in Omaha, NE.

Real Estate Assets as of December 31, 2017

Property Name	Location	Number of Units	Land and Land Improvements	Buildings and Improvements	Carrying Value
Suites on Paseo	San Diego, CA	394	$ 3,166,463	$ 38,454,894	$ 41,621,357
The 50/50 MF Property	Lincoln, NE	475	-	32,932,981	32,932,981
Jade Park	Daytona, FL	144	2,292,035	7,565,613	9,857,648
Land held for development	(2)	(2)	1,860,737	-	1,860,737
					$ 86,272,723
Less accumulated depreciation					(9,580,531)
Total real estate assets					$ 76,692,192

(2) Land held for development consists of parcels of land in Gardner, KS and Richland County, SC and land development costs for a site in Omaha, NE.

Activity in 2018

During 2018, the Partnership sold the Jade Park MF Property to an unrelated third party. The table below summarizes information related to the sale. The gain on sale is considered either Tier 2 or Tier 3 income (see Note 3). The Partnership determined the sales did not meet the criteria for discontinued operations.

Property Name	Month Sold	Property Location	Units	Gross Proceeds	Gain on Sale
Jade Park	September	Daytona, FL	144	$ 13,450,000	$ 4,051,429

During 2018, the Partnership determined that the land held for development in Gardner, KS was impaired. The Partnership recorded an impairment charge of $150,000 during the third quarter of 2018, which represents the difference between the Partnership's carrying value and the estimated fair value of the land.

Activity in 2017

In May 2017, the Partnership closed on the sale of a parcel of land in St. Petersburg, Florida. The Partnership recognized a loss on sale of approximately $22,000, attributable to direct selling expenses.

During 2017, the Partnership sold four MF Properties to unrelated third parties. The table below summarizes information related to the sales. The gains on sale, net of income taxes, are considered either Tier 2 or Tier 3 income (see Note 3). The Partnership determined the sales did not meet the criteria for discontinued operations.

Property Name	Month Sold	Property Location	Units	Gross Proceeds	Gain on Sale before Income Taxes
Northern View	March	Highland Heights, KY	294	$ 13,750,000	$ 7,174,183
Eagle Village	November	Evansville, IN	511	12,775,000	2,782,107
Residences of DeCordova	November	Granbury, TX	110	12,100,000	5,174,645
Residences of Weatherford	November	Weatherford, TX	76	7,900,000	2,644,040

Activity in 2016

During 2016, the Partnership sold two MF Properties to unrelated third parties. The table below summarizes information related to the sales. The gains on sale, net of income taxes, are considered Tier 2 income (see Note 3). The Partnership determined the sales did not meet the criteria for discontinued operations.

Property Name	Month Sold	Property Location	Units	Gross Proceeds	Gain on Sale before Income Taxes
Arboretum	June	Omaha, NE	145	$ 30,200,000	$ 12,410,444
Woodland Park	July	Topeka, KS	236	15,650,000	1,661,873

During 2016, the Partnership determined that land held for development in St. Petersburg, Florida was impaired. The Partnership recorded an impairment charge of approximately $62,000 in the second quarter of 2016, which represents the difference between the Partnership's carrying value and the estimated fair value of the land.

Net income, exclusive of the gains on sale, related to the MF Properties that were sold during the years ended December 31, 2018, 2017 and 2016 are as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Net income (loss)	$ 162,595	$ (849,766)	$ (848,126)

Jade Park Acquisition

In September 2016, the Partnership purchased the Jade Park MF Property for approximately $10.0 million. Jade Park is contiguous to the Lake Forest property, for which the Partnership owns an MRB. The Partnership incurred approximately $135,000 of acquisition costs related to the purchase.

The table below shows the unaudited pro forma condensed consolidated results of operations of the Partnership as if Jade Park had been acquired on January 1, 2016:

	2016
Pro forma revenues	$ 60,008,686
Pro forma net income	$ 24,663,645
Pro forma net income allocated to BUC holders	$ 21,047,854
Pro forma BUC holder's interest in net income per BUC (basic and diluted)	$ 0.35

For the year ended December 31, 2016, Jade Park added approximately $0.4 million in total revenue and approximately $0.4 million in net loss to the Partnership since the acquisition on September 30, 2016.

9. Investments in Unconsolidated Entities

ATAX Vantage Holdings, LLC, a wholly-owned subsidiary of the Partnership, has equity commitments and reported equity contributions as investments in unconsolidated entities on the Partnership's consolidated balance sheets. The carrying value of the investments represent the Partnership's maximum expo sure to loss. ATAX Vantage Holdings, LLC is the only limited equity investor in the unconsolidated entities. An affiliate of the unconsolidated entities guarantees ATAX Vantage Holdings, LLC's return on its investments through the second anniversary of construction completion. The return on these investments earned by the Partnership is reported as investment income on the Partnership's consolidated statements of operations.

The following table provides the details of the investments in unconsolidated entities as of December 31, 2018 and 2017 and remaining equity commitment amounts as of December 31, 2018:

Property Name	Location	Units	Month Commitment Executed	Construction Completion Date	Carrying Value as of December 31, 2018	Carrying Value as of December 31, 2017	Maximum Remaining Equity Commitment as of December 31, 2018
Vantage at Corpus Christi	Corpus Christi, TX	288	March 2016	August 2017	$ -	$ 9,178,139	$ -
Vantage at Boerne	Boerne, TX	288	August 2016	December 2017	8,830,000	8,272,810	1,475,936
Vantage at Waco	Waco, TX	288	August 2016	January 2018	9,337,166	8,748,091	1,592,039
Vantage at Panama City Beach	Panama City Beach, FL	288	March 2017	June 2018	11,408,135	10,349,416	1,996,500
Vantage at Powdersville	Powdersville, SC	288	November 2017	N/A	11,535,895	3,060,471	-
Vantage at Stone Creek	Omaha, NE	294	March 2018	N/A	7,572,819	-	-
Vantage at Bulverde	Bulverde, TX	288	March 2018	N/A	9,182,522	-	-
Vantage at Germantown	Germantown, TN	288	June 2018	N/A	7,033,398	-	3,633,366
Vantage at Murfreesboro	Murfreesboro, TN	288	September 2018	N/A	6,254,104	-	6,145,817
Vantage at Coventry	Omaha, NE	288	September 2018	N/A	5,380,267	-	2,893,390
		2,886			$ 76,534,306	$ 39,608,927	$ 17,737,048

In December 2018, Vantage at Corpus Christi sold substantially all its assets to an unrelated third party and ceased operations. The Partnership received cash of approximately $12.1 million upon sale. The Partnership recognized approximately $590,000 of investment income on sale. In addition, the Partnership recognized approximately $2.9 million as gain on sale of investment in an unconsolidated entity, which is considered either Tier 2 or Tier 3 income (see Note 3).

The following table provides summary combined financial information related to the Partnership's investments in unconsolidated entities for the years ended December 31, 2018, 2017 and 2016:

	2018	2017	2016
Property Revenues	$ 9,262,127	$ 1,362,457	$ -
Gain on sale of property	$ 7,424,879	$ -	$ -
Net income (loss)	$ 5,001,702	$ (1,782,456)	$ -

10. Property Loans, Net of Loan Loss Allowances

The following table summarizes the Partnership's property loans, net of loan loss allowances, as of December 31, 2018 and 2017:

	December 31, 2018		
	Outstanding Balance	Loan Loss Allowance	Property Loan Principal, net of allowance
Arbors at Hickory Ridge	$ 191,264	$ -	$ 191,264
Avistar (February 2013 portfolio)	201,972	-	201,972
Avistar (June 2013 portfolio)	251,622	-	251,622
Cross Creek	11,101,887	(7,393,814)	3,708,073
Greens Property	850,000	-	850,000
Ohio Properties	2,390,446	-	2,390,446
Vantage at Brooks, LLC	8,367,635	-	8,367,635
Total	$ 23,354,826	$ (7,393,814)	$ 15,961,012

	December 31, 2017		
	Outstanding Balance	Loan Loss Allowance	Property Loan Principal, net of allowance
Arbors at Hickory Ridge	$ 191,264	$ -	$ 191,264
Avistar (February 2013 portfolio)	201,972	-	201,972
Avistar (June 2013 portfolio)	251,622	-	251,622
Cross Creek	11,101,887	(7,393,814)	3,708,073
Greens Property	850,000	-	850,000
Lake Forest	4,995,884	-	4,995,884
Ohio Properties	2,390,446	-	2,390,446
Vantage at Brooks, LLC	8,417,635	-	8,417,635
Vantage at New Braunfels, LLC	7,406,978	-	7,406,978
Winston Group, Inc	1,100,000	-	1,100,000
Total	$ 36,907,688	$ (7,393,814)	$ 29,513,874

During the year ended December 31, 2018, the interest to be earned on the Cross Creek property loans was in nonaccrual status. During the year ended December 31, 2017, the interest to be earned on the Ashley Square (sold in November 2017), Cross Creek, and the Lake Forest (sold in September 2018) property loans was in nonaccrual status. The discounted cash flow method used by management to establish the net realizable value of these property loans determined the collection of the interest earned since inception was not probable. In addition, for the years ended December 31, 2018, 2017 and 2016, interest to be earned on approximately $983,000 of property loan principal for the Ohio Properties was in nonaccrual status as, in management's opinion, the interest was not considered collectible.

Activity in 2018

In September 2018, the Lake Forest property was sold by its owner. Upon the sale, the Partnership received all outstanding principal and accrued interest on the Lake Forest property loans. The Partnership received approximately $5.1 million of principal and $4.6 million of interest on the property loans at sale. The interest received was not previously recognized as income as the property loans were on nonaccrual status. The interest realized is reported within other interest income on the Partnership's consolidated statements of operations for the year ended December 31, 2018.

In December 2018, the Vantage at New Braunfels, LLC property was sold by its owner. Upon the sale, the Partnership received all outstanding principal and accrued interest on the Vantage at New Braunfels, LLC property loan. The Partnership received additional proceeds totaling approximately $5.1 million, which is recorded as contingent interest on the Partnership's consolidated statements of operations. The contingent interest recognized is considered Tier 2 or Tier 3 for purposes of distributions to BUC holders (see Note 3).

Activity in 2017

In November 2017, the Ashley Square property was sold by its owner. Upon the sale, the Partnership received portions of principal and accrued interest on the Ashley Square property loans. The Partnership received approximately $1.1 million of principal and approximately $1.7 million of interest on the property loans. The interest received was not previously recognized as the property loans were on nonaccrual status. The interest realized is reported within other interest income on the Partnership's consolidated statements of operations for the year ended December 31, 2017. Upon sale, the remaining unpaid principal and interest on the Ashley Square property loans transferred to Cross Creek due to cross-collateralization provisions within the property loan documents. All such balances transferred were fully reserved as of December 31, 2018 and 2017.

Activity in 2016

During the year ended December 31, 2016, the Foundation for Affordable Housing ("FAH") property loan and all accrued interest were paid off in full. In addition, the Partnership received and recognized approximately $1.4 million of contingent interest from the net cash proceeds on the sale of the property underlying the FAH property loan. The contingent interest income was considered Tier 2 income (see Note 3).

The following table summarizes the changes in the Partnership's loan loss reserves for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Balance, beginning of year	$ 7,393,814	$ 7,098,814	$ 7,098,814
Provision for loan loss (1)	-	295,000	-
Balance, end of year	$ 7,393,814	$ 7,393,814	$ 7,098,814

(1) Activity for the year ended December 31, 2017 consisted of the reversal of a $55,000 allowance for loan loss related to Lake Forest and the increase of $350,000 in the allowance for loan loss related to Ashley Square. The net provision for loan loss for the year ended December 31, 2017 was recorded as a reduction to other interest income on the consolidated statements of operations.

11. Income Tax Provision

The Partnership recognizes current income tax expense for federal, state, and local income taxes incurred by the Greens Hold Co, which owns The 50/50 MF Property and certain property loans. The following table summarizes income tax expense (benefit) for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Current income tax expense (benefit)	$ (678,862)	$ 6,419,146	$ 4,593,000
Deferred income tax expense (benefit)	(242,235)	(400,000)	366,000
Total income tax expense (benefit)	$ (921,097)	$ 6,019,146	$ 4,959,000

The Partnership's income tax expense fluctuates from period to period based on the timing of the taxable income, predominantly due to gains on sale of MF Properties owned by the Greens Hold Co. Deferred income tax expense is generally a function of the period's temporary differences (i.e. depreciation, amortization of finance costs, etc.), and the utilization of net operating losses ("NOLs") generated in prior years that had been previously recognized as deferred income tax assets. The deferred tax assets and liabilities are valued based on enacted tax rates, including consideration of the Jobs and Tax Cuts Act of 2017. This legislation reduced the maximum corporate income tax rate from 35% to 21% and resulted in a net deferred income tax benefit to the Partnership of approximately $15,000 for the year ended December 31, 2017. The Greens Hold Co had net deferred tax assets of approximately $268,000 and $34,000 as of December 31, 2018 and 2017, respectively. These amounts are reported within other assets on the Partnership's consolidated balance sheets.

The Partnership evaluated whether it is more likely than not that its deferred income tax assets will be realizable and recorded no valuation allowance as of December 31, 2018 and 2017. The Partnership reversed valuation allowances for NOLs totaling $405,000 during the year ended December 31, 2016 as the NOLs were utilized to offset the gain on sale of the Arboretum MF Property.

For the year ended December 31, 2018, income taxes computed by applying the U.S. federal statutory rates to income from continuing operations before income taxes for the Greens Hold Co differ from the provision for income taxes due to state income taxes (net of the effect on federal income tax). For the year ended December 31, 2017, income taxes computed by applying the U.S. federal statutory rates to income from continuing operations before income taxes for the Greens Hold Co differ from the provision for income taxes due to state income taxes (net of the effect on federal income tax) and the impact of tax rate changes on deferred income tax asset and liabilities. For the year ended December 31, 2016, income taxes computed by applying the U.S. federal statutory rates to income from continuing operations before income taxes for the Greens Hold Co differ from the provision for income taxes due primarily to state income taxes (net of the effect on federal income tax) and the impact of changes in NOL valuation allowances.

The Partnership accrues interest and penalties associated with uncertain tax positions as part of income tax expense. There was no accrued interest or penalties as of December 31, 2018, 2017 and 2016.

The Partnership files U.S. federal and state tax returns. The Partnership's returns for years 2015 through 2017 remain subject to examination by the Internal Revenue Service.

12. Other Assets

The Partnership had the following Other Assets as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Deferred financing costs, net	$ 397,823	$ 383,133
Fair value of derivative instruments (Note 16)	626,633	597,221
Taxable mortgage revenue bonds, at fair value	1,409,895	2,422,459
Bond purchase commitments, at fair value (Note 17)	-	3,002,540
Other assets	2,081,258	942,949
Total other assets	$ 4,515,609	$ 7,348,302

See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the derivative instruments, taxable MRBs and bond purchase commitments. Unrealized gains or losses on these assets are recorded in the Partnership's consolidated statements of comprehensive income to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the assets.

The following table includes the details of the taxable MRBs redeemed during the year ended December 31, 2018. The taxable MRB was redeemed at a price that approximated the Partnership's carrying value plus accrued interest.

Property Name	Redemption Date	Location	Units	Original Maturity Date	Base Interest Rate	Principal Outstanding at Date of Redemption
Vantage at Judson - Series D	December	San Antonio, TX	288	2/1/2053	9.00%	$ 923,502

The following table includes the details of the taxable MRBs redeemed during the year ended December 31, 2017. The taxable MRBs were redeemed at prices that approximated the Partnership's carrying value plus accrued interest. The Partnership also realized additional interest income related to redemption of the Vantage at Harlingen Series D and Avistar at Chase Hill Series C MRBs of approximately $169,000 and $35,000, respectively. The additional interest income is reported within other interest income on the Partnership's consolidated statements of operations.

Property Name	Redemption Date	Location	Units	Original Maturity Date	Base Interest Rate	Principal Outstanding at Date of Redemption
Vantage at Harlingen - Series D	October	San Antonio, TX	288	10/1/2053	9.00%	$ 1,278,117
Avistar at Chase Hill - Series C	November	San Antonio, TX	232	4/1/2050	9.00%	$ 232,145

13. Unsecured Lines of Credit

The following tables summarize the Partnership's unsecured lines of credit as of December 31, 2018 and 2017:

Unsecured Lines of Credit	Outstanding as of December 31, 2018	Total Commitment	Maturity	Variable / Fixed	Reset Frequency	Period End Rate
Bankers Trust non-operating	$ 35,659,200	$ 50,000,000	June 2020	Variable (1)	Monthly	5.38%
Bankers Trust operating	-	10,000,000	June 2020	Variable (1)	Monthly	5.63%
Total unsecured lines of credit	$ 35,659,200	$ 60,000,000				

(1) The variable rate is indexed to LIBOR plus an applicable margin.

Unsecured Lines of Credit	Outstanding as of December 31, 2017	Total Commitment	Maturity	Variable / Fixed	Reset Frequency	Period End Rate
Bankers Trust non-operating	$ 50,000,000	$ 50,000,000	May 2019	Variable (2)	Monthly	4.38%
Bankers Trust operating	-	10,000,000	May 2019	Variable (2)	Monthly	4.62%
Total unsecured lines of credit	$ 50,000,000	$ 60,000,000				

(2) The variable rate is indexed to LIBOR plus an applicable margin.

The Partnership has entered into an unsecured Credit Agreement (the "Credit Agreement") for a Line of Credit ("non-operating LOC") of up to $50.0 million with Bankers Trust, the Partnership's sole lead arranger and administrative agent. The Credit Agreement originated in March 2015 and was subsequently amended. The non-operating LOC bears interest at a variable rate equal to 3.0% plus the 30-day London Interbank Offered Rate ("LIBOR") as of December 31, 2018. The proceeds of the non-operating LOC are used by the Partnership for the purchase of multifamily real estate, taxable MRBs, MRBs, PHC certificates, or mortgage-backed securities. The Partnership intends to repay each advance either through alternative long-term debt or equity financing. The principal amount of each acquisition advance is due on the 270th day following the advance date (the "Repayment Date"). The Partnership may extend any Repayment Date for up to three additional 90-day periods. In order to extend the Repayment Date, the Partnership must make principal payments equal to 5% of the original advance for the first extension, 10% for the second extension, and 20% for the third extension. The Repayment Date may not be extended beyond the stated maturity of the non-operating LOC. The Repayment Dates for the balance outstanding as of December 31, 2018, exclusive of available extensions, range from June 2019 to September 2019. The non-operating LOC contains a covenant, among others, that the Partnership's ratio of the lender's senior debt will not exceed a specified percentage of the market value of the Partnership's assets, as defined in the Credit Agreement. The Partnership was in compliance with all covenants as of December 31, 2018.

During 2018 and 2017, the Partnership had an unsecured operating Line of Credit ("operating LOC") with Bankers Trust. The operating LOC bears interest at a variable rate equal to 3.25% plus the 30-day LIBOR. The Partnership is required to make prepayments of the principal to reduce outstanding principal balance on the operating LOC to zero for fifteen consecutive days during each calendar quarter. The Partnership fulfilled this requirement throughout 2018 and for the first quarter of 2019.

14. Debt Financing

The following tables summarize the Partnership's debt financings, net of deferred financing costs, as of December 31, 2018:

	Outstanding Debt Financings as of December 31, 2018, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TEBS Financings								
Variable - M24	$ 41,466,000	$ 432,998	2010	September 2020	Weekly	1.76%	1.85%	3.61%
Variable - M31 (1)	80,418,505	181,626	2014	July 2019 (2)	Weekly	1.74%	1.49%	3.23%
Variable - M33 (1)	31,262,039	58,002	2015	July 2020 (3)	Weekly	1.74%	1.26%	3.00%
Fixed - M45 (4)	219,250,387	5,000	2018	July 2034	N/A	N/A	N/A	3.82%
TOB & Term A/B Trusts Securitization								
Variable - TOB (5)	37,620,000	-	2012	May 2019	Weekly	2.21%	1.67%	3.88%
Fixed - Term TOB (6)	46,675,413	-	2014	October 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B (6)	48,971,221	-	2017 - 2018	May 2019 - February 2027	N/A	N/A	N/A	4.46% - 4.53%
Total Debt Financings	$ 505,663,565							

(1) Facility fees have a variable component.

(2) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2024 . If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(3) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2025 . If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(4) The M45 TEBS has an initial interest rate of 3.82% through July 31, 2023. From August 1, 2023 through the stated maturity date, the interest rate is 4.39%. These rates are inclusive of credit enhancement fees payable to Freddie Mac.

(5) The variable TOB Financings are secured by the Partnership's three PHC Certificates (see Note 7).

(6) The following table summarizes the individual Term TOB and Term A/B Trust securitizations as of December 31, 2018:

	Outstanding Financing as of December 31, 2018, net	Year Acquired	Stated Maturity	Fixed Interest Rate
Fixed - Term TOB Securitization				
Live 929	$ 37,665,413	2014	October 2019	4.39%
Pro Nova 1	9,010,000	2014	October 2019	4.01%
Total Fixed Term TOB Financing\ Weighted Average Period End Rate	$ 46,675,413			4.31%
Term A/B Trusts Securitization				
Avistar at Wood Hollow - Series A	$ 26,860,337	2017	February 2027	4.46%
Avistar at Wilcrest - Series A	3,172,029	2017	February 2027	4.46%
Avistar at Copperfield - Series A	8,422,855	2017	February 2027	4.46%
Montecito at Williams Ranch - Series A	6,921,000	2018	May 2019	4.53%
Vineyard Gardens - Series A	3,595,000	2018	May 2019	4.53%
Total Fixed A/B Trust Financing\ Weighted Average Period End Rate	$ 48,971,221			4.47%

The following table summarizes the Partnership's Debt Financing, net of deferred financing costs, as of December 31, 2017:

	Outstanding Debt Financings as of December 31, 2017, net	Restricted Cash	Year Acquired	Stated Maturities	Reset Frequency	SIFMA Based Rates	Facility Fees	Period End Rates
TEBS Financings								
Variable - M24	$ 55,468,000	$ 372,222	2010	September 2020	Weekly	1.79%	1.85%	3.64%
Variable - M31 (1)	81,003,688	176,685	2014	July 2019 (2)	Weekly	1.77%	1.39%	3.16%
Variable - M33 (1)	57,406,058	57,364	2015	July 2020 (3)	Weekly	1.77%	1.16%	2.93%
TOB & Term A/B Trusts Securitization								
Variable - TOB (4)	38,130,000	850,327	2012	May 2018	Weekly	2.24 - 2.29%	1.67%	3.91 - 3.96%
Fixed - Term TOB (5)	46,787,036	-	2014	October 2019	N/A	N/A	N/A	4.01% - 4.39%
Fixed - Term A/B (5)	279,533,565	-	2016 - 2017	June 2018 - November 2027	N/A	N/A	N/A	3.64% - 4.52%
Total Debt Financings	$ 558,328,347							

(1) Facility fees have a variable component.

(2) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2024 . If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(3) The Partnership may unilaterally elect to extend the financing for an additional five-year period through July 2025 . If the Partnership exercises its extension option, Freddie Mac has the option to adjust components of the Facility Fees.

(4) The variable TOB Financings are secured by the Partnership's three PHC Certificates (see Note 7).

(5) The following table summarizes the individual Term TOB and Term A/B Trust securitizations as of December 31, 2017:

	Outstanding Financing as of December 31, 2017, net	Year Acquired	Stated Maturity	Fixed Interest Rate
Fixed - Term TOB Securitization				
Live 929	$ 37,777,036	2014	October 2019	4.39%
Pro Nova 1	9,010,000	2014	October 2019	4.01%
Total Fixed Term TOB Financing\ Weighted Average Period End Rate	$ 46,787,036			4.31%
Term A/B Trusts Securitization				
Willow Run	$ 10,029,289	2016	September 2026	3.64%
Columbia Gardens	10,172,857	2016	September 2026	3.64%
Concord at Little York	11,315,538	2016	September 2026	3.64%
Concord at Williamscrest	17,526,516	2016	September 2026	3.64%
Concord at Gulfgate	16,154,584	2016	September 2026	3.64%
Companion at Thornhill Apartment	9,608,733	2016	September 2026	3.64%
Seasons at Simi Valley Apartments	3,675,323	2016	September 2026	3.64%
Sycamore Walk	3,054,841	2016	September 2026	3.64%
Decatur-Angle Apartments	21,276,657	2016	September 2026	3.64%
Heights at 515	5,380,814	2016	September 2026	3.64%
Crossing at 1415	6,344,418	2016	September 2026	3.64%
Bruton Apartments	15,199,181	2016	September 2026	3.64%
15 West Apartments	8,326,731	2016	December 2026	3.64%
San Vicente - Series A	3,112,976	2017	February 2022	3.89%
San Vicente - Series B	1,545,930	2017	June 2018	3.76%
Las Palmas - Series A	1,507,389	2017	February 2022	3.89%
Las Palmas - Series B	1,494,702	2017	June 2018	3.76%
The Village at Madera - Series A	2,746,364	2017	February 2022	3.89%
The Village at Madera - Series B	1,455,570	2017	July 2018	3.76%
Harmony Court Bakersfield - Series A	3,322,157	2017	February 2022	3.89%
Summerhill - Series A	5,730,185	2017	February 2022	3.89%
Summerhill - Series B	2,855,809	2017	July 2018	3.76%
Courtyard - Series A	9,131,896	2017	February 2022	3.89%
Courtyard - Series B	5,272,090	2017	July 2018	3.76%
Seasons Lakewood - Series A	6,555,646	2017	February 2022	3.89%
Seasons Lakewood - Series B	4,453,076	2017	August 2018	3.76%
Seasons San Juan Capistrano - Series A	11,047,869	2017	February 2022	3.89%
Seasons San Juan Capistrano - Series B	5,564,539	2017	August 2018	3.76%
Avistar at Wood Hollow - Series A	26,838,000	2017	February 2027	4.46%
Avistar at Wilcrest - Series A	3,168,088	2017	February 2027	4.46%
Avistar at Copperfield - Series A	8,414,834	2017	February 2027	4.46%
Oaks at Georgetown - Series A	11,087,478	2017	March 2022	3.89%
Oaks at Georgetown - Series B	4,686,120	2017	August 2018	3.76%
Harmony Terrace - Series A	6,199,955	2017	March 2022	3.89%
Harmony Terrace - Series B	6,284,318	2017	August 2018	3.76%
Village at River's Edge	8,993,092	2017	November 2027	4.52%
Total Fixed A/B Trust Financing\ Weighted Average Period End Rate	$ 279,533,565			3.85%

Tax Exempt Bond Securitization ("TEBS") Financings

The Partnership, through four wholly-owned subsidiaries (collectively, the "Sponsors"), has sponsored four separate TEBS Financings – the M24 TEBS Financing, the M31 TEBS Financing, the M33 TEBS Financing, and the M45 TEBS Financing. The TEBS Financings are structured such that the Partnership transferred MRBs to Freddie Mac to be securitized into the TEBS Financings. Freddie Mac then issued Class A and Class B Freddie Mac Multifamily Variable Rate Certificates or Class A and Class B Freddie Mac Multifamily Fixed Rate Certificates (collectively, the "TEBS Certificates"), which represent beneficial interests in the securitized assets. The Class A TEBS Certificates are sold to unaffiliated investors and entitle the holders to cash flows from the securitized assets. The Class A TEBS Certificates are credit enhanced by Freddie Mac such that Freddie Mac will cover any shortfall if the cash flows from the securitized assets are less than the contractual principal and interest due to the Class A TEBS Certificate holders. The Sponsors or Partnership would then be required to reimburse Freddie Mac for any credit enhancement payments. The Class B TEBS Certificates are retained by the Sponsors and grant the Partnership rights to certain cash flows from the securitized assets after payment to the Class A Certificates and related facility fees, as well as certain other rights to the securitized assets. The TEBS Financings are VIEs, and the Partnership is the primary beneficiary due to its rights to the underlying assets. Accordingly, the Partnership consolidates the TEBS Financings in the Partnership's consolidated financial statements. See Note 6 for information regarding the MRBs securitized within each TEBS Financing.

In August 2018, the Partnership and its newly created consolidated subsidiary, ATAX TEBS IV, LLC (the "2018 Sponsor"), entered into a long-term debt financing facility provided through the securitization of 25 MRBs, with an initial par value of approximately $260.6 million owned by the 2018 Sponsor pursuant to the M45 TEBS Financing. The M45 TEBS Financing facility provides the Partnership with a long-term fixed-rate facility. The M45 TEBS Financing is structured such that the Partnership transferred ownership of the 25 MRBs to Freddie Mac to be securitized into a TEBS Trust. The Class A TEBS Certificates had an aggregate initial par value of approximately $221.5 million. Of the 25 MRBs securitized in the M45 TEBS Financings, 24 MRBs were in Term A/B Trusts that were collapsed prior to the closing of the M45 TEBS Financing. The collapse of the Term A/B Trusts and subsequent closing of the M45 TEBS Financing resulted in a debt modification for accounting purposes and the Partnership capitalized transaction costs totaling approximately $371,000 as deferred financing costs.

Under the terms of M31 and M33 Financings, the Sponsors have one extension option for each TEBS to extend the term, at the end of their original term, for an additional five-year period. The original term of the M31 TEBS Financing ends in July 2019 and the Partnership may elect to extend the financing through July 2024. The original term of M33 TEBS Financing ends in July 2020 and the Partnership may elect to extend the financing through July 2025. Should the Sponsors elect not to extend the terms of M31 and M33 TEBS Financings, the Sponsor must pay all remaining amounts due to the Class A Certificates plus any unpaid trust fees. In September 2017, the Partnership elected to extend the term of M24 TEBS Financing through September 2020.

The terms of the TEBS Financings require the Partnership to fund cash into certain escrow accounts. Balances in the escrow accounts are reported as restricted cash on the Partnership's consolidated balance sheets as of December 31, 2018 and 2017.

There were three unscheduled paydowns during the year ended December 31, 2018 due to redemptions of MRBs held by the respective TEBS. The following table summarizes the MRBs redeemed and the amount of Class A Certificates redeemed upon redemption:

Mortgage Revenue Bond Redeemed	TEBS Facility	Month	Paydown Applied
Lake Forest	M24 TEBS	September 2018	$ 8,122,000
Bella Vista	M24 TEBS	October 2018	5,076,000
Vantage at Judson - Series B	M33 TEBS	December 2018	25,908,568

There were three unscheduled paydowns during the year ended December 31, 2017 due to redemptions of MRBs held by the respective TEBS. The following table summarizes the MRBs redeemed and the amount of Class A Certificates redeemed upon redemption:

Mortgage Revenue Bond Redeemed	TEBS Facility	Month	Paydown Applied
Vantage at Harlingen - Series B	M33 TEBS	October 2017	$ 24,363,221
Ashley Square	M24 TEBS	November 2017	4,472,000
Avistar at Chase Hill - Series A	M31 TEBS	November 2017	9,757,084

Tender Option Bond ("TOB"), Term TOB and Term A/B Trust Financings

The Partnership executed a Master Trust Agreement with Deutsche Bank ("DB") which allows the Partnership to execute multiple TOB, Term TOB and Term A/B Trust (collectively, "Trusts") structures upon the approval and agreement of terms by DB. Under each TOB Trust structure, the trustee issues SPEARS and LIFERS that represent beneficial interests in the securitized asset held by the TOB Trusts. Under each Term TOB and Term A/B Trust structure, the trustee issues Class A and Class B Certificates that represent beneficial interests in the securitized assets held by the Term TOB or Term A/B Trusts. DB has purchased the SPEARS and Class A Certificates and the Partnership has retained the LIFERS and Class B Certificates of each Trust. Pursuant to the terms of the Trusts, the Partnership is required to reimburse DB for any shortfall realized on the contractual cash flows on the SPEARS or Class A Certificates. The LIFERS and Class B Certificates grant the Partnership certain rights to the securitized assets. The Trusts are VIEs, and the Partnership is the primary beneficiary due to its rights to the underlying assets. Accordingly, the Partnership consolidates the Trusts in the Partnership's consolidated financial statements.

The Partnership is required to meet certain covenants under the Master Trust Agreement. As of December 31, 2018, the most restrictive covenant required that cash available to distribute plus interest expense for the trailing twelve months must be at least twice the trailing twelve-month interest expense. As of December 31, 2018, the Partnership was in compliance with all covenants. If the Partnership were to be out of compliance with any of these covenants, it would trigger a termination event of the financing facilities.

In February 2017, the Partnership entered into 19 new Term A/B Trust financings secured by various MRBs. The Partnership capitalized costs totaling approximately $1.2 million as deferred financing costs, of which approximately $921,000 were paid to a related party (see Note 21).

In March 2017, the Partnership refinanced the Term A/B Trusts associated with Oaks at Georgetown and Harmony Terrace into new Term A/B Trusts with longer stated terms. Based on the terms of the new and old Term A/B Trusts, the refinancing was accounted for as a modification, with approximately $47,000 capitalized as deferred financing costs.

Contractual Maturities

The Partnership's contractual maturities of borrowings for the twelve-month periods ending December 31st for the next five years and thereafter are as follows:

2019	$ 178,652,274
2020	74,597,920
2021	2,456,696
2022	2,600,981
2023	2,751,089
Thereafter	247,854,366
Total	508,913,326
Deferred financing costs	(3,249,761)
Total debt financing, net	$ 505,663,565

The Partnership expects to either refinance the M31 TEBS Financing or unilaterally elect to extend the financing for an additional five-year period through July 2024. The Term TOB Trusts and certain Term A/B Trusts mature in 2019. The Partnership expects to refinance these financings with either the current lender or a similar lender. In addition, the Partnership expects to renew each TOB financing facility maturing in 2019. There can be no assurances that the Partnership's efforts to refinance will be successful.

15. Mortgages Payable and Other Secured Financing

The Partnership has entered into mortgages payable and other secured financings collateralized by MF Properties.The following is a summary of the mortgages payable and other secured financing, net of deferred financing costs, as of December 31, 2018 and 2017:

MF Property Mortgage Payables	Outstanding Mortgage Payable as of December 31, 2018, net	Year Acquired or Refinanced	Stated Maturity	Variable / Fixed	Reset Frequency	Variable Based Rate	Period End Rate
The 50/50 MF Property--TIF Loan	$ 3,118,478	2014	December 2019	Fixed	N/A	N/A	4.65%
The 50/50 MF Property--Mortgage	24,335,897	2013	March 2020	Variable	Monthly	5.00%(1)	5.00%
Total Mortgage Payable\Weighted Average Period End Rate	$ 27,454,375						4.96%

(1) Variable rate is based on Wall Street Journal Prime Rate, but not to exceed 5.0%

MF Property Mortgage Payables	Outstanding Mortgage Payable as of December 31, 2017, net	Year Acquired or Refinanced	Stated Maturity	Variable / Fixed	Reset Frequency	Variable Based Rate	Period End Rate
The 50/50 MF Property--TIF Loan	$ 3,358,370	2014	December 2019	Fixed	N/A	N/A	4.65%
The 50/50 MF Property--Mortgage	24,713,256	2013	March 2020	Variable	Monthly	4.25%(2)	4.25%
Jade Park	7,468,548	2016	October 2021	Fixed	N/A	N/A	3.85%
Total Mortgage Payable\Weighted Average Period End Rate	$ 35,540,174						4.21%

(2) Variable rate is based on Wall Street Journal Prime Rate, but not to exceed 5.0%

Activity in 2018

In September 2018, the Partnership sold the Jade Park MF Property. At the closing of the sale, the Partnership paid all outstanding principal and accrued interest on the related mortgage payable.

Activity in 2017

In June 2017, the Partnership refinanced the mortgages payable for the Residences of DeCordova and Residences of Weatherford. The interest rates did not change, no commitments fees were paid, the maturity dates for the mortgages payable were extended for additional two-year terms and the mortgages payable can be prepaid prior to maturity with no penalty.

The Partnership sold the Residences of DeCordova, Residences of Weatherford and Eagle Village MF Properties in November 2017. At the closing of the sales, the Partnership paid all of the outstanding mortgage payables and accrued interest associated with these MF Properties.

Contractual Maturities

The Partnership's contractual maturities of borrowings for the twelve-month periods ending December 31st for the next five years and thereafter areas follows:

2019	$ 3,608,223
2020	23,944,525
2021	-
2022	-
2023	-
Thereafter	-
Total	27,552,748
Deferred financing costs	(98,373)
Total mortgages payable and other secured financings, net	$ 27,454,375

16. Interest Rate Derivatives

The following table summarizes the Partnership's interest rate derivatives, except for interest rate swaps, as of December 31, 2018 and 2017:

Purchase Date	Notional Amount	Maturity Date	Effective Capped Rate (1)	Index	Variable Debt Financing Facility Hedged (1)	Counterparty	Fair Value as of December 31, 2018
July 2014	$ 30,252,409	Aug 2019	3.0%	SIFMA	M31 TEBS	Barclays Bank PLC	$ -
July 2014	30,252,409	Aug 2019	3.0%	SIFMA	M31 TEBS	Royal Bank of Canada	-
July 2014	30,252,409	Aug 2019	3.0%	SIFMA	M31 TEBS	SMBC Capital Markets, Inc	-
July 2015	27,359,689	Aug 2020	3.0%	SIFMA	M33 TEBS	Wells Fargo Bank	536
July 2015	27,359,689	Aug 2020	3.0%	SIFMA	M33 TEBS	Royal Bank of Canada	536
July 2015	27,359,689	Aug 2020	3.0%	SIFMA	M33 TEBS	SMBC Capital Markets, Inc	536
June 2017	90,757,226	Aug 2019	1.5%	SIFMA	M31 TEBS	Barclays Bank PLC	158,989
June 2017	82,079,066	Aug 2020	1.5%	SIFMA	M33 TEBS	Barclays Bank PLC	465,983
Sept 2017	59,038,000	Sept 2020	4.0%	SIFMA	M24 TEBS	Barclays Bank PLC	53
							$ 626,633

Purchase Date	Notional Amount	Maturity Date	Effective Capped Rate (1)	Index	Variable Debt Financing Facility Hedged (2)	Counterparty	Fair Value as of December 31, 2017
July 2014	$ 30,652,294	Aug 2019	3.0%	SIFMA	M31 TEBS	Barclays Bank PLC	$ 169
July 2014	30,652,294	Aug 2019	3.0%	SIFMA	M31 TEBS	Royal Bank of Canada	169
July 2014	30,652,294	Aug 2019	3.0%	SIFMA	M31 TEBS	SMBC Capital Markets, Inc	169
July 2015	27,666,739	Aug 2020	3.0%	SIFMA	M33 TEBS	Wells Fargo Bank	3,213
July 2015	27,666,739	Aug 2020	3.0%	SIFMA	M33 TEBS	Royal Bank of Canada	3,213
July 2015	27,666,739	Aug 2020	3.0%	SIFMA	M33 TEBS	SMBC Capital Markets, Inc	3,213
June 2017	91,956,883	Aug 2019	1.5%	SIFMA	M31 TEBS	Barclays Bank PLC	160,174
June 2017	83,000,217	Aug 2020	1.5%	SIFMA	M33 TEBS	Barclays Bank PLC	425,978
Sept 2017	59,935,000	Sept 2020	4.0%	SIFMA	M24 TEBS	Barclays Bank PLC	923
							$ 597,221

(1) For additional details, see Note 22 to the Partnership's consolidated financial statements.

In June 2017, the Partnership purchased two interest rate derivatives to roll down the effective capped rate on the M31 and M33 TEBS Financings to 1.5%. The Partnership paid approximately $139,000 and $358,000 for the interest rate derivatives, respectively.

In September 2017, the Partnership purchased an interest rate derivative on the M24 TEBS Financing to cap the variable interest rate at 4.0%. The Partnership paid approximately $59,000 for the interest rate derivative.

The Partnership previously contracted for two interest rate swaps with DB. On a quarterly basis, the Partnership reassessed its interest rate swap positions. In the second quarter of 2017, the Partnership determined that due to the stabilization of the Decatur Angle and Bruton MRB properties and securitization of the related MRBs into fixed rate Term A/B Trust financings, the interest rate swaps were not needed to mitigate interest rate risk on financings related to the MRBs. The Partnership then determined that the remaining interest rate swaps are intended to mitigate interest rate risk for the variable rate TOB Trusts secured by the PHC Certificates.

The Partnership terminated its interest rate swaps in September and October 2018. The interest rate swaps were net settled and the Partnership received approximately $7,000 upon settlement. The following table summarizes the terms of the interest rate swaps as of December 31, 2017:

Purchase Date	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Period End Variable Rate Received	Variable Rate & Index	Counterparty	December 31, 2017 - Fair Value of Liability
Sept 2014	$ 22,821,429	Oct 2016	Oct 2021	1.96%	1.08%	70% 30-day LIBOR	Deutsche Bank	$ 402,261
Sept 2014	18,051,775	April 2017	April 2022	2.06%	1.08%	70% 30-day LIBOR	Deutsche Bank	424,591
								$ 826,852

The Partnership was required to fund a cash collateral account at DB for an amount greater than or equal to the fair value of the interest rate swaps. The cash collateral balance was approximately $850,000 as of December 31, 2017 and was reported within restricted cash on the Partnership's consolidated balance sheets.

These interest rate derivatives and interest rate swaps are not designated as hedging instruments and, accordingly, they are recorded at fair value with changes in fair value included in current period interest expense. See Note 22 for a description of the methodology and significant assumptions for determining the fair value of the interest rate derivatives and interest rate swap arrangements. The interest rate derivatives are presented within other assets and the interest rate swap arrangements were reported as a derivative swap liability on the Partnership's consolidated balance sheets.

17. Commitments and Contingencies

Legal Proceedings

The Partnership, from time to time, may be subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are frequently covered by insurance. If it has been determined that a loss is probable to occur, the estimated amount of the loss is accrued in the Partnership's consolidated financial statements. While the resolution of these matters cannot be predicted with certainty, the Partnership believes the outcome of such matters will not have a material effect on the Partnership's consolidated financial statements.

Bond Purchase Commitments

As part of the Partnership's strategy of acquiring MRBs, the Partnership has entered into bond purchase commitments related to MRBs to be issued and secured by properties under construction. Upon execution of the bond purchase commitment, the proceeds from the MRBs will be used to pay off the construction related debt. The Partnership bears no construction or stabilization risk during the commitment period. The Partnership accounts for its bond purchase commitments as available-for-sale debt securities and reports the asset or liability at fair value. Changes in the fair value of bond purchase commitments are reflected in the Partnership's consolidated statements of comprehensive income.

The following table summarizes the Partnership's bond purchase commitments as of December 31, 2018 and 2017:

Bond Purchase Commitments	Commitment Date	Maximum Committed Amounts Remaining	Rate	Closing Date (1)	Fair Value as of December 31, 2018	Fair Value as of December 31, 2017
Esperanza at Palo Alto	July 2015	$ -	5.80%	May 2018	$ -	$ 1,616,143
Village at Avalon	November 2015	-	5.80%	December 2018	-	1,386,397
Total		$ -			$ -	$ 3,002,540

(1) The closing date is actual.

Property Loan Commitments

As of December 31, 2018, ATAX Vantage Holdings, LLC, a wholly-owned subsidiary of the Partnership, had a remaining property loan commitment to Vantage at Brooks, LLC totaling approximately $612,000. This commitment was terminated upon repayment in full of the related property loan in January 2019. See Note 25 for additional information.

Investment Commitments

ATAX Vantage Holdings, LLC has outstanding commitments to contribute equity to unconsolidated entities. See Note 9 for additional information.

Construction Loan Guarantees

The Partnership entered into guaranty agreements for construction loans related to certain investments in unconsolidated entities. The Partnership will only have to perform on the guarantees if a default by the borrower were to occur. All guarantees were initially for the entire amount of the construction loans and decrease based on the achievement of certain events or financial ratios, as defined by the respective construction loan agreements. The Partnership has not accrued any amount for these contingent liabilities because the likelihood of guarantee claims is remote. The following table summarizes the Partnership's maximum exposure under these guarantee agreements as of December 31, 2018:

Borrower	Year the Guarantee was Executed	Maximum Balance Available on Construction Loan	Construction Loan Balance as of December 31, 2018	Partnership's Maximum Exposure as of December 31, 2018	Guarantee Terms
Vantage at Panama City Beach	2017	$ 25,600,000	$ 23,659,040	$ 11,829,520	(1)
Vantage at Stone Creek	2018	30,824,000	7,734,675	7,734,675	(2)
Vantage at Coventry	2018	31,500,000	-	-	(2)

(1) The Partnership's maximum exposure decreased to 50% when the project received its certificate of occupancy and will decrease to 25% upon achievement and maintenance of a specified debt service coverage ratio by the borrower. The Partnership is also required to maintain minimum cash and net worth requirements, which were met as of December 31, 2018.

(2) The Partnership's maximum exposure will decrease to 50% and 25% as certain debt service coverage levels are achieved by the borrower.

Other Guarantees

The Partnership has entered into guarantee agreements with unaffiliated entities under which the Partnership has guaranteed certain obligations of the general partners of certain limited partnerships. The guarantees include an obligation to repurchase the interests of BC Partners if certain "repurchase events" occur. Remaining potential repurchase events relate primarily to the delivery of LIHTCs, or tax credit recapture and foreclosure. The Partnership's maximum exposure represents 75% of the equity contributed by BC Partners to each limited partnership. No amount has been accrued for these guarantees because the likelihood of repurchase events is remote. The following table summarizes the Partnership's maximum exposure under these guarantee agreements as of December 31, 2018:

Limited Partnership(s)	Year the Guarantee was Executed	End of Guarantee Period	Partnership's Maximum Exposure as of December 31, 2018
Ohio Properties	2011	2026	$ 3,712,436
Greens of Pine Glen, LP	2012	2027	2,429,658

Lease Commitments

The 50/50 MF Property has a ground lease with the University of Nebraska-Lincoln with an initial lease term expiring in March 2038. The Partnership has an option to extend the lease for an additional five-year period. Annual lease payments are $100 per year. The Partnership is also required to make monthly payments, when cash is available at The 50/50 MF Property, to the University of Nebraska-Lincoln. Payment amounts are based on The 50/50 MF Property's revenues, subject to an annual guaranteed minimum amount. As of December 31, 2018, the minimum aggregate annual payment due under the agreement is approximately $130,000. The minimum aggregate annual payment increases 2% annually until July 31, 2034 and increases of 3% annually thereafter. The 50/50 MF Property may be required to make additional payments under the agreement if its gross revenues exceed certain thresholds.

The Partnership reported accounts payable related to the ground lease of approximately $55,000 and $125,000 as of December 31, 2018 and 2017, respectively. The Partnership reported expenses related to the agreement of approximately $168,000, $168,000 and $168,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

Other Commitments

As the holder of residual interests issued in its TOB, Term TOB, Term A/B and TEBS Financing arrangements, the Partnership is required to guarantee certain losses that can be incurred by the trusts created in connection with these financings. These guarantees may result from a downgrade in the investment rating of PHCs held by the trust or of the senior securities issued by the trust, a ratings downgrade of the liquidity provider for the trust, increases in short term interest rates beyond pre-set maximums, an inability to re-market the senior securities or an inability to obtain liquidity for the trust. In the case of the TEBS, Freddie Mac will step in first on an immediate basis and the Partnership will have 10 to 14 days to remedy. If the Partnership does not remedy, the trust will be collapsed. If such an event occurs, the trust collateral may be sold and if the proceeds are not sufficient to pay the principal amount of the senior securities plus accrued interest and other trust expenses, the Partnership will be required to fund any such shortfall pursuant to its guarantee. If the Partnership does not fund the shortfall, the default and liquidation provisions will be invoked against the Partnership. In the event of a shortfall the maximum exposure to loss would be approximately $508.9 million prior to the consideration of the proceeds from the sale of the trust collateral. The Partnership has never been, and does not expect in the future, to be required to reimburse the financing facilities for any shortfall.

18. Redeemable Series A Preferred Units

The Partnership has issued non-cumulative, non-voting, non-convertible Series A Preferred Units via private placements to five financial institutions. The Series A Preferred Units have no stated maturity, are not subject to any sinking fund requirements, and will remain outstanding indefinitely unless repurchased or redeemed by the Partnership or holder. Upon the sixth anniversary of the closing of the sale of Series A Preferred Units to a subscriber, and upon each anniversary thereafter, the Partnership and each holder of Series A Preferred Units will have the right to redeem, in whole or in part, the Series A Preferred Units held by such holder at a per unit redemption price equal to $10.00 per unit plus an amount equal to all declared and unpaid distributions.

In the event of any liquidation, dissolution, or winding up of the Partnership, the holders of the Series A Preferred Units are entitled to a liquidation preference in connection with their investments. With respect to anticipated quarterly distributions and rights upon liquidation, dissolution, or the winding-up of the Partnership's affairs, the Series A Preferred Units will rank senior to the Partnership's BUCs and to any other class or series of Partnership interests or securities expressly designated as ranking junior to the Series A Preferred Units, and junior to any other class or series of Partnership interests or securities expressly designated as ranking senior to the Series A Preferred Units.

The following table summarizes the Series A Preferred Units outstanding as of December 31, 2018:

Month Issued	Units	Purchase Price	Distribution Rate	Redemption Price per Unit	Earliest Redemption Date
March 2016	1,000,000	$ 10,000,000	3.00%	$ 10.00	March 2022
May 2016	1,386,900	13,869,000	3.00%	10.00	May 2022
September 2016	1,000,000	10,000,000	3.00%	10.00	September 2022
December 2016	700,000	7,000,000	3.00%	10.00	December 2022
March 2017	1,613,100	16,131,000	3.00%	10.00	March 2023
August 2017	2,000,000	20,000,000	3.00%	10.00	August 2023
October 2017	1,750,000	17,500,000	3.00%	10.00	October 2023
Series A Preferred Units outstanding as of December 31, 2018 and 2017	9,450,000	$ 94,500,000			

19. Issuances of Additional Beneficial Unit Certificates

In November 2016, a Registration Statement on Form S-3 was declared effective by the Securities and Exchange Commission under which the Partnership may offer up to $225.0 million of BUCs from time to time. The Registration Statement will expire in November 2019.

In December 2017, the Partnership initiated an "at the market offering" to sell BUCs at market prices on the date of sale. The Partnership sold 38,617 and 161,383 BUCs under this program for net proceeds of approximately $192,000 and $806,000, net of issuance costs, during the years ended December 31, 2018 and 2017, respectively. The offering was terminated in March 2018.

In August 2018, the Partnership initiated a new "at the market offering" to sell up to $75.0 million of BUCs at market prices on the date of sale. The amount available under this program represented a portion of the Registration Statement. The Partnership sold 310,519 BUCs under this program for net proceeds of approximately $1.8 million, net of issuance costs, during the year ended December 31, 2018. This offering was terminated effective February 8, 2019.

20. Restricted Unit Awards ("RUAs")

The Partnership's 2015 Equity Incentive Plan ("Plan"), as approved by the BUC holders, permits the grant of restricted units and other awards to the employees of Burlington, the Partnership, or any affiliate of either, and members of Burlington's Board of Managers for up to 3.0 million BUCs. RUAs are generally granted with vesting conditions ranging from three months to approximately three years. Unvested RUAs are entitled to receive distributions during the restriction period. The RUAs provide for accelerated vesting if there is a change in control related to the Partnership, the General Partner, or Burlington, or death or disability of the participant.

The fair value of each RUA is estimated on the grant date based on the Partnership's exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUAs on a straight-line basis over the requisite vesting period. The compensation expense for RUAs totaled approximately $1.8 million, $1.6 million and $833,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

The following table summarizes the RUA activity for years ended December 31, 2018, 2017 and 2016:

	Restricted Units Awarded	Weighted-average Grant-date Fair Value
Nonvested at January 1, 2016	-	$ -
Granted	272,307	6.03
Vested	(114,003)	6.03
Nonvested at December 31, 2016	158,304	$ 6.03
Granted	283,046	5.74
Vested	(199,281)	5.85
Nonvested at December 31, 2017	242,069	$ 5.83
Granted	309,212	6.31
Vested	(279,034)	6.06
Forfeited	(6,957)	6.31
Nonvested at December 31, 2018	265,290	$ 6.14

As of December 31, 2018, there was approximately $902,000 of total unrecognized compensation expense related to nonvested RUAs granted under the Plan. The remaining expense is expected to be recognized over a weighted-average period of 1.3 years. The total intrinsic value of nonvested RUAs was approximately $1.5 million as of December 31, 2018.

21. Transactions with Related Parties

The Partnership is managed by AFCA 2, which is controlled by its general partner, Burlington. The Board of Managers of Burlington and certain employees of Burlington act as managers (and effectively as the directors) and executive officers of the Partnership. Certain services are provided to the Partnership by employees of Burlington and the Partnership reimburses Burlington, through AFCA 2, for its allocated share of these salaries and benefits. The Partnership also reimburses Burlington for its share of general and administrative expenses. These reimbursed costs represent a substantial portion of the Partnership's general and administrative expenses. The amounts in the following table represent amounts reimbursable to AFCA 2 or an affiliate:

	2018	2017	2016
Reimbursable salaries and benefits	$ 3,993,067	$ 3,350,267	$ 2,921,762
Other expenses	13,121	143,350	5,883
Insurance	215,867	216,263	204,357
Professional fees and expenses	154,653	191,177	390,961
Consulting and travel expenses	-	3,554	11,634
	$ 4,376,708	$ 3,904,611	$ 3,534,597

The Partnership incurs costs for services and contractual payments payable to AFCA 2, Burlington and affiliates. The costs are reported either as expenses or capitalized costs depending on the nature of each item. The following table summarizes transactions with related parties that are reflected in the Partnership's consolidated financial statements for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Partnership administrative fees paid to AFCA 2 (1)	$ 3,721,000	$ 3,576,000	$ 2,773,000
Property management fees paid to an affiliate (2)	190,000	390,000	555,000
Consulting fees paid to an affiliate (3)	-	921,000	1,186,000
Construction fees paid to an affiliate (4)	-	63,000	-
Due diligence services revenue received from an affiliate (5)	-	128,000	-
Reimbursement of franchise margin taxes paid on behalf of unconsolidated entities (6)	77,000	-	-

(1) The General Partner of the Partnership, AFCA 2, is entitled to receive an administrative fee from the Partnership equal to 0.45% per annum of the outstanding principal balance of any of its MRBs, property loans collateralized by real property, and other investments for which the owner of the financed property or other third party is not obligated to pay such administrative fee directly to AFCA 2. The disclosed amounts represent administrative fees paid or accrued during the periods specified and are reported within general and administrative expenses on the Partnership's consolidated statements of operations.

(2) An affiliate of AFCA 2, Burlington Capital Properties, LLC ("Properties Management"), provides property management, administrative and marketing services for the MF Properties (excluding Suites on Paseo). The property management fees are reported within real estate operating expenses in the Partnership's consolidated statements of operations.

(3) An affiliate of AFCA 2, Farnam Capital Advisors ("FCA"), provides consulting services when certain debt financing facilities are acquired by the Partnership. These fees were capitalized as deferred financing costs in the Partnership's consolidated balance sheets.

(4) An affiliate of AFCA 2, Burlington Capital Construction Services, LLC, was the general contractor for certain exterior rehabilitation services for the Jade Park MF Property. These service fees were capitalized as real estate assets in the Partnership's consolidated balance sheets.

(5) The Partnership performed due diligence services for Properties Management related to the sales of the Residences of Weatherford, Residences of DeCordova and Eagle Village MF properties and the sale of the property collateralizing the Ashley Square MRB. The fees earned were reported within other income on the Partnership's consolidated statements of operations.

(6) The Partnership pays franchise margin taxes on revenues in certain jurisdictions relating to its investments in unconsolidated entities. Such taxes are paid by the Partnership as the unconsolidated entities are required by tax regulations to be included in the Partnership's group tax return. The Partnership is then reimbursed for franchise margin taxes paid on behalf of the unconsolidated entities.

AFCA 2, Burlington and affiliates receive fees from the borrowers of the Partnership's MRBs for services provided to the borrower and based on the occurrence of certain investment and debt financing transactions. These fees were paid by the borrowers and are not reflected in the Partnership's consolidated financial statements. The following table summarizes transactions between borrowers of the Partnership's MRBs and affiliates for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Non-Partnership property administrative fees received by AFCA 2 (1)	$ 69,000	$ 173,000	$ 95,000
Investment/mortgage placement fees received by AFCA 2 (2)	2,873,000	1,814,000	2,079,000
MRB redemption administrative fee received by AFCA 2 (3)	283,000	300,000	-
Consulting fees received by an affiliate (4)	-	705,000	1,040,000
Negotiated placement fee to AFCA 2 (5)	-	-	125,000
Negotiated origination fee to an affiliate (6)	-	-	125,000

(1) AFCA 2 received administrative fees directly from the owners of certain properties financed by certain MRBs held by the Partnership. These administrative fees equal 0.45% per annum of the outstanding principal balance of the MRBs. The disclosed amounts represent administrative fees received by AFCA 2 during the periods specified.

(2) AFCA 2 received placement fees in connection with the acquisition of certain MRBs, investments in unconsolidated entities and certain property loans.

(3) AFCA 2 received one-time administrative fees related to early redemptions of the Lake Forest MRB in September 2018 and the Vantage at Judson MRBs in December 2018. AFCA 2 received a one-time administrative fee of $300,000 related to early redemption of the Avistar at Chase Hill MRBs in November 2017.

(4) FCA received consulting fees in connection with the acquisition of certain MRBs, investments in unconsolidated entities and certain property loans.

(5) AFCA 2 received a one-time negotiated mortgage placement fee related to work performed for a transaction that did not materialize during the year ended December 31, 2016.

(6) FCA received a one-time origination fee for work performed related to a transaction that did not materialize during the year ended December 31, 2016.

In addition, Properties Management provides services to seven of the properties collateralizing MRBs of the Partnership. In addition, Properties Management provides services to one of our investments in unconsolidated entities. These property management fees are paid out of the revenues generated by the respective property prior to the payment of debt service on the Partnership's MRBs and property loans, as applicable, and the construction loan for the unconsolidated entity.

The Partnership reported receivables due from unconsolidated entities of approximately $77,000 and zero as of December 31, 2018 and 2017, respectively. These amounts are reported within other assets on the Partnership's consolidated balance sheets. The Partnership had outstanding liabilities due to related parties totaling approximately $330,000 and $391,000 as of December 31, 2018 and 2017, respectively. These amounts are reported within accounts payable, accrued expenses and other liabilities on the Partnership's consolidated balance sheets.

22. Fair Value of Financial Instruments

Current accounting guidance on fair value measurements establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. The guidance:

- Defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs for asset or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Partnership early adopted ASU 2018-13, "Fair Value Measurement (Topic 820)," that modified required disclosures related to fair value measurements effective September 30, 2018. The modified disclosures are incorporated in the disclosures within this note.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments in Mortgage Revenue Bonds and Bond Purchase Commitments

The fair value of the Partnership's investments in MRBs and bond purchase commitments as of December 31, 2018 and 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the MRBs, and price quotes for the MRBs are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, collateral, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. These characteristics are used to estimate an effective yield for each MRB. The MRB fair value is estimated using a discounted cash flow and yield to maturity or call analysis by applying the effective yield to contractual cash flows. Significant increases (decreases) in the effective yield would have resulted in a significantly lower (higher) fair value estimate. Changes in fair value due to an increase or decrease in the effective yield do not impact the Partnership's cash flows.

The Partnership evaluates pricing data received from the third-party pricing service by evaluating consistency with information from either the third-party pricing service or public sources. The fair value estimates of the MRBs and bond purchase commitments are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing service and the Partnership. Due to the judgments involved, the fair value measurements of the Partnership's investments in MRBs and bond purchase commitments are categorized as a Level 3 input. As of December 31, 2018, the range of effective yields on the individual MRBs and bond purchase commitments was 3.3% to 9.1% per annum, with a weighted average effective yield of 4.6% when weighted by the principal outstanding of MRBs as of the reporting date. As of December 31, 2017, the range of effective yields on the individual MRBs and bond purchase commitments was 2.9% to 8.8% per annum.

Investments in PHC Certificates

The fair value of the Partnership's investment in PHC Certificates as of December 31, 2018 and 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the PHC Certificates owned by the Partnership. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each PHC Certificate as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, security ratings from rating agencies, the impact of potential political and regulatory change, and other inputs.

The Partnership reviews the inputs used by the primary third-party pricing service by reviewing source information and reviews the methodology for reasonableness. The Partnership also engages a second third-party pricing service to confirm the values developed by the primary third-party pricing service. The valuation methodologies used by the third-party pricing services encompass the use of judgment in their application. Due to the judgments involved, the fair value measurement of the Partnership's investment in PHC Certificates is categorized as a Level 3 input. As of December 31, 2018, the range of effective yields on the PHC Certificates was 5.3% to 6.0% per annum, with a weighted average effective yield of 5.5% when weighted by the principal outstanding of PHC Certificates as of the reporting date. As of December 31, 2017, the range of effective yields on the PHC Certificates was 5.1% to 5.8% per annum.

Taxable MRBs

The fair value of the Partnership's taxable MRBs as of December 31, 2018 and 2017 is based upon prices obtained from a third-party pricing service, which are indicative of market prices. There is no active trading market for the taxable MRBs, and price quotes are not available. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each taxable MRB as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure of the borrower, collateral, subordination to other obligations, operating results of the underlying property, geographic location, and property quality. These characteristics are used to estimate an effective yield for each taxable MRB. The taxable MRB fair value is estimated using a discounted cash flow and yield to maturity or call analysis by applying the effective yield to contractual cash flows. Significant increases (decreases) in the effective yield would have resulted in a significantly lower (higher) fair value estimate. Changes in fair value due to an increase or decrease in the effective yield do not impact the Partnership's cash flows.

The Partnership evaluates pricing data received from the third-party pricing service by evaluating consistency with information from either the third-party pricing service or public sources. The fair value estimates of the taxable MRBs are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurement of the Partnership's investments in taxable MRBs is categorized as a Level 3 input. As of December 31, 2018, the range of effective yields on the individual taxable bonds was 8.3% to 9.3% per annum, with a weighted average effective yield of 9.1% when weighted by the principal outstanding of taxable MRBs as of the reporting date. As of December 31, 2017, the range of effective yields on the individual taxable bonds was 7.9% to 9.2% per annum.

Interest Rate Derivatives

The effect of the Partnership's interest rate derivatives is to set a cap, or upper limit, on the base rate of interest paid on the Partnership's variable rate debt financings equal to the notional amount of the derivative agreement. The effect of the Partnership's interest rate swaps is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The fair value of the interest rate derivatives is based on a model whose inputs are not observable and therefore is categorized as a Level 3 input. The inputs in the valuation model include three-month LIBOR rates, unobservable adjustments to account for the SIFMA index, as well as any recent interest rate cap trades with similar terms.

Assets measured at fair value on a recurring basis as of December 31, 2018 are summarized as follows:

Description	Assets at Fair Value	Fair Value Measurements as of December 31, 2018 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Mortgage revenue bonds, held in trust	$ 645,258,873	$ -	$ -	$ 645,258,873
Mortgage revenue bonds	86,894,562	-	-	86,894,562
PHC Certificates	48,672,086	-	-	48,672,086
Taxable mortgage revenue bonds (reported within other assets)	1,409,895	-	-	1,409,895
Derivative instruments (reported within other assets)	626,633	-	-	626,633
Total Assets at Fair Value, net	$ 782,862,049	$ -	$ -	$ 782,862,049

The following table summarizes the activity related to Level 3 assets and liabilities for the year ended December 31, 2018:

	For the Years Ended December 31, 2018 Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Mortgage Revenue Bonds (1)	Bond Purchase Commitments	PHC Certificates	Taxable Mortgage Revenue Bonds	Interest Rate Derivatives (2)	Total
Beginning Balance January 1, 2018	$ 788,621,707	$ 3,002,540	$ 49,641,588	$ 2,422,459	$ (229,631)	$ 843,458,663
Total gains (losses) (realized/unrealized)						
Included in earnings (interest income and interest expense)	144,692	-	(77,096)	-	724,579	792,175
Included in earnings (impairment of securities)	-	-	(1,141,020)	-	-	(1,141,020)
Included in other comprehensive income	(14,560,720)	(3,002,540)	950,228	(32,756)	-	(16,645,788)
Purchases	41,708,000	-	-	-	-	41,708,000
Settlements	(83,760,244)	-	(701,614)	(979,808)	131,685	(85,309,981)
Ending Balance December 31, 2018	$ 732,153,435	$ -	$ 48,672,086	$ 1,409,895	$ 626,633	$ 782,862,049
Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities held on December 31, 2018	$ -	$ -	$ (1,141,020)	$ -	$ 724,579	$ (416,441)

(1) Mortgage revenue bonds include both bonds held in trust as well as those held by the Partnership. The beginning balance also includes the cumulative effect of accounting change related to the adoption of ASU 2017-08 effective January 1, 2018.

(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 are summarized as follows:

	Fair Value Measurements as of December 31, 2017			
Description	Assets (Liabilities) at Fair Value	Quoted Prices in Active Markets for Identical Assets (Liabilities) (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets and Liabilities				
Mortgage revenue bonds, held in trust	$ 710,867,447	$ -	$ -	$ 710,867,447
Mortgage revenue bonds	77,971,208	-	-	77,971,208
Bond purchase commitments (reported within other assets)	3,002,540	-	-	3,002,540
PHC Certificates	49,641,588	-	-	49,641,588
Taxable mortgage revenue bonds (reported within other assets)	2,422,459	-	-	2,422,459
Derivative instruments (reported within other assets)	597,221	-	-	597,221
Derivative swap liability	(826,852)	-	-	(826,852)
Total Assets and Liabilities at Fair Value, net	$ 843,675,611	$ -	$ -	$ 843,675,611

The following table summarizes the activity related to Level 3 assets and liabilities for the year ended December 31, 2017:

	For the Years Ended December 31, 2017 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Mortgage Revenue Bonds (1)	Bond Purchase Commitments	PHC Certificates	Taxable Mortgage Revenue Bonds	Interest Rate Derivatives (2)	Total
Beginning Balance January 1, 2017	$ 680,211,051	$ 2,399,449	$ 57,158,068	$ 4,084,599	$ (955,679)	$ 742,897,488
Total gains (losses) (realized/unrealized)						
Included in earnings (interest income and interest expense)	212,712	-	(654,290)	-	(240,091)	(681,669)
Included in other comprehensive income	37,104,392	603,091	(882,452)	(96,685)	-	36,728,346
Purchases	121,347,000	-	-	-	556,017	121,903,017
Settlements	(50,036,500)	-	(5,979,738)	(1,565,455)	410,122	(57,171,571)
Ending Balance December 31, 2017	$ 788,838,655	$ 3,002,540	$ 49,641,588	$ 2,422,459	$ (229,631)	$ 843,675,611
Total amount of losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities held on December 31, 2017	$ -	$ -	$ (761,960)	$ -	$ (240,091)	$ (1,002,051)

(1) Mortgage revenue bonds include both bonds held in trust as well as those held by the Partnership.
(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

The following table summarizes the activity related to Level 3 assets and liabilities for the year ended December 31, 2016:

	For the Years Ended December 31, 2016 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Mortgage Revenue Bonds (1)	Bond Purchase Commitments	PHC Certificates	Taxable Mortgage Revenue Bonds	Interest Rate Derivatives (2)	Total
Beginning Balance January 1, 2016	$ 583,683,137	$ 5,634,360	$ 60,707,290	$ 4,824,060	$ (972,898)	$ 653,875,949
Total gains (losses) (realized/unrealized)						
Included in earnings (interest expense)	175,769	-	(54,605)	-	17,618	138,782
Included in other comprehensive income	(17,342,217)	(3,234,911)	(1,480,497)	(188,299)	-	(22,245,924)
Purchases	130,620,000	-	-	-	-	130,620,000
Sale of securities	(9,295,000)	-	-	-	(399)	(9,295,399)
Settlements	(7,630,638)	-	(2,014,120)	(551,162)	-	(10,195,920)
Ending Balance December 31, 2016	$ 680,211,051	$ 2,399,449	$ 57,158,068	$ 4,084,599	$ (955,679)	$ 742,897,488
Total amount of losses for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on December 31, 2016	$ -	$ -	$ -	$ -	$ 17,618	$ 17,618

(1) Mortgage revenue bonds include both bonds held in trust as well as those held by the Partnership.
(2) Interest rate derivatives include derivative contracts reported in other assets as well as derivative swap liabilities.

Total gains and loss included in earnings for the interest rate derivatives are reported as interest expense in the Partnership's consolidated statements of operations.

As of December 31, 2018, the Partnership utilized a third-party pricing service to determine the fair value of the Partnership's financial liabilities, which are indicative of market prices. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. It considers the underlying characteristics of each financial liability as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure, seniority to other obligations, operating results of the underlying assets, and asset quality. The financial liability values are then estimated using a discounted cash flow and yield to maturity or call analysis. The Partnership evaluates pricing data received from the third-party pricing service, including consideration of current market interest rates, quantitative and qualitative characteristics of the underlying collateral, and other information from either the third-party pricing service or public sources. The fair value estimates of these financial liabilities are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing service and management. Due to the judgments involved, the fair value measurements of the Partnership's financial liabilities are categorized as a Level 3 input. The TEBS and variable-rate TOB Trust financings are credit enhanced by Freddie Mac and DB, respectively. The table below summarizes the fair value of the Partnership's financial liabilities as of December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities:				
Debt financing and LOCs	$ 541,322,765	$ 550,766,809	$ 608,328,347	$ 618,412,150
Mortgages payable and other secured financing	27,454,375	27,552,748	35,540,174	35,767,924

23. Segments

The Partnership has four reportable segments - Mortgage Revenue Bond Investments, MF Properties, Public Housing Capital Fund Trusts, and Other Investments. The Partnership separately reports its consolidation and elimination information because it does not allocate certain items to the segments. In January 2016, the Partnership sold its three remaining MBS Securities and eliminated the MBS Securities Investments segment.

The Amended and Restated LP Agreement authorizes the Partnership to make investments in tax-exempt securities other than in MRBs provided that the tax-exempt investments are rated in one of the four highest rating categories by a national securities rating agency. The Amended and Restated LP Agreement also allows the Partnership to invest in other securities whose interest may be taxable for federal income tax purposes. Total tax-exempt and other investments cannot exceed 25% of the Partnership's total assets at the time of acquisition as required under the Amended and Restated LP Agreement. In addition, the amount of other investments is limited based on the conditions to the exemption from registration under the Investment Company Act of 1940. The Partnership's tax-exempt and other investments include PHC Certificates, MBS Securities, and Other Investments, which are reported as three separate segments.

Mortgage Revenue Bond Investments Segment

The Mortgage Revenue Bond Investments segment consists of the Partnership's portfolio of MRBs and related property loans that have been issued to provide construction and/or permanent financing for Residential Properties and commercial properties in their market areas. Such MRBs are held as investments and the related property loans, net of loan loss allowances, are reported as such on the Partnership's consolidated balance sheets. As of December 31, 2018, the Partnership held 77 MRBs. The Residential Properties financed by the MRBs contain a total of 10,650 rental units. In addition, one MRB (Pro Nova 2014-1) is collateralized by commercial real estate. All general and administrative expenses on the Partnership's consolidated statements of operations are allocated to this operating segment.

MF Properties Segment

The MF Properties segment consists of multifamily, student housing, and senior citizen residential properties held by the Partnership (see Note 8). During the time the Partnership holds an interest in an MF Property, any net rental income generated by the MF Properties in excess of debt service will be available for distribution to the Partnership in accordance with its interest in the MF Property. As of December 31, 2018, the Partnership owns two MF Properties containing a total of 859 rental units. Income tax expense (benefit) for the Greens Hold Co is reported within this segment.

Public Housing Capital Fund Trust Segment

The Public Housing Capital Fund Trust segment consists of the assets, liabilities, and related income and expenses of the Partnership's PHC Certificates (see Note 7).

Other Investments Segment

The Other Investments segment consists of the operations of ATAX Vantage Holdings, LLC, which is invested in unconsolidated entities (see Note 9) and property loans to Vantage at Brooks LLC and Vantage at New Braunfels LLC (see Note 10).

The following table details certain financial information for the Partnership's reportable segments for the December 31, 2018, 2017 and 2016:

	For the Years Ended December 31,		
	2018	2017	2016
Total revenues			
Mortgage Revenue Bond Investments	$ 57,625,273	$ 49,100,423	$ 36,673,232
MF Properties	9,149,105	13,677,635	17,404,439
Public Housing Capital Fund Trust	2,479,494	2,951,735	2,888,035
MBS Securities Investments	-	-	17,921
Other Investments	12,101,704	4,651,752	1,995,123
Total revenues	$ 81,355,576	$ 70,381,545	$ 58,978,750
Interest expense			
Mortgage Revenue Bond Investments	$ 20,687,812	$ 18,705,398	$ 11,904,616
MF Properties	1,569,744	2,099,840	2,200,531
Public Housing Capital Fund Trust	932,456	1,350,205	1,349,800
MBS Securities Investments	-	-	14,692
Other Investments	-	-	-
Total interest expense	$ 23,190,012	$ 22,155,443	$ 15,469,639
Depreciation expense			
Mortgage Revenue Bond Investments	$ -	$ -	$ -
MF Properties	3,488,058	4,949,935	5,980,483
Public Housing Capital Fund Trust	-	-	-
MBS Securities Investments	-	-	-
Other Investments	-	-	-
Total depreciation expense	$ 3,488,058	$ 4,949,935	$ 5,980,483
Partnership net income (loss)			
Mortgage Revenue Bond Investments	$ 22,048,372	$ 15,438,583	$ 11,755,639
MF Properties	3,676,560	9,668,051	8,443,527
Public Housing Capital Fund Trust	406,019	839,570	1,538,234
MBS Securities Investments	-	-	51,984
Other Investments	15,008,578	4,644,994	1,995,123
Partnership net income	$ 41,139,529	$ 30,591,198	$ 23,784,507

The following table details total assets for the Partnership's reportable segments as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Total assets		
Mortgage Revenue Bond Investments	$ 864,311,647	$ 937,565,390
MF Properties	71,120,280	83,514,758
Public Housing Capital Fund Trust Certificates	48,942,334	49,918,434
Other Investments	85,048,514	55,573,834
Consolidation/eliminations	(86,709,529)	(56,804,417)
Total assets	$ 982,713,246	$ 1,069,767,999

24. Summary of Unaudited Quarterly Results of Operations

2018	March 31,	June 30,	September 30,	December 31,
Revenues and other income	$ 16,458,034	$ 15,785,165	$ 30,052,544	$ 26,015,349
Income from continuing operations	6,004,304	3,338,121	17,883,055	13,914,049
Net income	$ 6,004,304	$ 3,338,121	$ 17,883,055	$ 13,914,049
Income from continuing operations, per BUC	$ 0.09	$ 0.04	$ 0.25	$ 0.22
Net income, basic and diluted, per BUC	$ 0.09	$ 0.04	$ 0.25	$ 0.22

2017	March 31,	June 30,	September 30,	December 31,
Revenues and other income	$ 23,208,975	$ 16,218,225	$ 16,234,830	$ 32,472,818
Income from continuing operations	7,360,515	4,109,400	3,545,483	15,647,453
Net income	$ 7,360,515	$ 4,109,400	$ 3,545,483	$ 15,647,453
Income from continuing operations, per BUC	$ 0.10	$ 0.06	$ 0.05	$ 0.23
Net income, basic and diluted, per BUC	$ 0.10	$ 0.06	$ 0.05	$ 0.23

25. Subsequent Events

In January 2019, the Vantage at Brooks, LLC property was sold by its owner. Upon the sale, the Partnership received all outstanding principal and accrued interest on the Vantage at Brooks, LLC property loan (see Note 10). The Partnership received additional proceeds totaling approximately $3.0 million, which will be recorded as contingent interest on the Partnership's consolidated statements of operations in the first quarter of 2019. The contingent interest recognized will be considered Tier 2 income for purposes of distributions to BUC holders (see Note 3).

In February 2019, the Partnership terminated its "at the market offering" (see Note 19).

The following table summarizes the MRBs acquired by the Partnership subsequent to December 31, 2018:

Property Name	Month Acquired	Property Location	Units	Maturity Date	Base Interest Rate	Principal Outstanding at Date of Acquisition
Gateway Village - Series A	February	Hillsborough, NC	64	4/1/2032	6.10%	$ 2,600,000
Lynnhaven - Series A	February	Durham, NC	75	4/1/2032	6.10%	3,450,000

In February 2019, the Partnership executed two new Term A/B Trust financings related to these MRBs and received gross proceeds of approximately $5.3 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Partnership have evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Report. Based on that evaluation, the CEO and CFO have concluded that, as of December 31, 2018, the Partnership's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Partnership in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to the Partnership's management, including its CEO and CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There were no changes in the Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

Management Report On Internal Control Over Financial Reporting

The Partnership's management (including officers of Burlington Capital LLC in its capacity as the general partner of the General Partner of the Partnership) is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f). The Partnership carried out an evaluation under the supervision and with the participation of the Partnership's management, including the Partnership's CEO and CFO of the effectiveness of the Partnership's internal control over financial reporting. The Partnership's management used the framework in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations (COSO) to perform this evaluation. Based on that evaluation, the Partnership's management concluded that the Partnership's internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of the Partnership's internal control over financial reporting as of December 31, 2018, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report in Item 8 of this Report.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The Partnership is managed by its general partner, AFCA 2, which in turn is managed by its general partner, Burlington. Accordingly, the executive officers and Board of Managers of Burlington act as the executive officers and directors of the Partnership. In addition, Chad L. Daffer holds the position of Chief Executive Officer and Craig S. Allen holds the position of Chief Financial Officer of the Partnership. Mr. Daffer and Mr. Allen are the only executive officers of the Partnership and are employed by Burlington.

The Partnership's General Partner is not elected by the Unitholders and is not subject to re-election on an annual or other continuing basis in the future. In addition, our Unitholders are not entitled to elect the Managers or executive officers of Burlington or take part in the management or control of the business of the Partnership.

The Board of Managers of Burlington has eight members. The NASDAQ listing rules do not require a listed limited partnership, such as the Partnership, to have a majority of independent directors on the Board of Managers of the general partner of our General Partner or to establish a compensation committee or a nominating and corporate governance committee. We are, however, required to have an audit committee of at least three members, all of whom are required to meet the independence and experience standards established by the NASDAQ listing rules and SEC rules. In this regard, all the members of the Burlington Audit Committee have been determined to be independent under the applicable SEC and NASDAQ independence requirements.

The following table sets forth certain information regarding the current Managers of Burlington and the executive officers of the Partnership. Managers serve for a term of one year and are elected annually. All positions are held with Burlington unless otherwise noted.

Name	Position Held with Burlington	Position Held Since
Michael B. Yanney	Chairman Emeritus of the Board / Manager	2008 / 1984
Lisa Y. Roskens	Chairman of the Board / Manager	2008 / 1999
Chad L. Daffer	Chief Executive Officer	2015
Craig S. Allen	Chief Financial Officer	2015
Dr. William S. Carter	Manager (2)	2003
Walter K. Griffith	Manager (1) (2)	2015
Patrick J. Jung	Manager (1) (2)	2003
Michael O. Johanns	Manager (1) (2)	2015
George H. Krauss	Manager	2001
Dr. Gail Walling Yanney	Manager	1996

(1) Member of the Burlington Audit Committee. The Board of Managers has designated Mr. Jung as the "audit committee financial expert" as such term is defined in Item 407(d)(5)(ii) of SEC Regulation S-K.
(2) Determined to be independent under both Section 10A of the Exchange Act and the NASDAQ Marketplace Rules.

Following is the biographical information for each of the Managers of Burlington disclosed above, and information for the Chief Executive Officer and Chief Financial Officer of the Partnership:

Michael B. Yanney, 85, is Chairman Emeritus of the Board of Burlington Capital LLC, formerly America First Companies, which has managed public investment funds. From 1977 until the organization of the first such fund in 1984, Mr. Yanney was principally engaged in the ownership and management of commercial banks. Mr. Yanney served as a director and member of the Executive Committee of FirsTier Financial, Inc., the largest bank holding company in Nebraska, from 1985 until his resignation in 1991. Mr. Yanney is a member of the board of directors for Burlington Capital LLC, America First Tax Exempt Fund, and was formerly a director of Tetrad, Core Bank Holding Co., Level 3 Communications, Inc., Burlington Northern Santa Fe Corporation, Freddie Mac Advisory Board, Durham Resources, Inc., Freedom Communications, Inc., For est Oil Corporation, MFS Communications, Inc., PKS Information Services, Inc., Omaha Steaks, MFA, and Streck Inc. Mr. Yanney is the husband of Dr. Gail Walling Yanney and the father of Lisa Y. Roskens.

Lisa Y. Roskens, 52, is Chief Executive Officer and President of Burlington, as well as being Chairman of the Board of Managers. Under Ms. Roskens' leadership, the Company was restructured from an investment management firm to an organization with ongoing operating businesses built on a shared services platform. Prior to joining Burlington in 2000, Ms. Roskens was Managing Director of Twin Compass, LLC and was the Director of Business Development at Inacom Corporation. From 1995 to 1997, Ms. Roskens served as Finance Director for the U.S. Senate campaign of Senator Charles Hagel of Nebraska. A graduate of Stanford University and Stanford Law School, Ms. Roskens was an attorney with Kutak Rock law firm in Omaha, Nebraska from 1992 to 1995, specializing in commercial litigation. Ms. Roskens is the daughter of Michael B. Yanney and Gail Walling Yanney. Ms. Roskens also serves on the Board of Directors of America First Apartment Investors, Inc.

Chad L. Daffer, 54, is the Chief Executive Officer of the Partnership. Mr. Daffer has been employed by Burlington Capital LLC since 2005 where he served as the Partnership's Fund Manager. Prior to joining Burlington, Mr. Daffer served as an Investment Banker from 1996 to 2004 with Kirkpatrick Pettis and from 1992 to 1996 he was employed in Fixed Income Institutional Sales with Paine Webber. Mr. Daffer has a Bachelor of Science in Accounting from the University of Nebraska.

Craig S. Allen , 60, is the Chief Financial Officer of the Partnership. Mr. Allen has been employed by Burlington Capital, LLC since 2015. Mr. Allen brings over 25 years of experience working with public and privately traded companies with over 20 years in the financial services industry. From December 2010 to November 2014, he was Senior Vice President and Chief Financial Officer at ECMC Holdings, Oakdale, Minnesota, an $80 million privately held financial services company. Prior to that, from January 2001 to December 2010, Mr. Allen was Chief Financial Officer with XO Group, Inc. (NYSE: XOXO), a publicly traded global multi-media and technology company. Mr. Allen has a Bachelor of Science degree in Accounting from Northern Illinois University, DeKalb, Illinois. He also holds designations as a Certified Public Accountant (CPA), Chartered Global Management Accountant (CGMA), Certified Management Accountant (CMA) and International Financial Report Standards (IFRS) Certificate.

Dr. William S. Carter, 92, is retired from medical practice. He is a graduate of Butler University and Kansas University School of Medicine. He was appointed a diplomat of the American Board of Otorhinolaryngology. He was in private practice in Omaha, Nebraska and was Managing Partner for the Midwest ENT Group until his retirement in 1993.

Walter K. (Kimball) Griffith, 69, is of counsel to Norris George & Ostrow PLLC since October 2017, a law firm that specializes in providing finance solutions to affordable housing and community development. Prior to that he was an affordable housing consultant since retiring from Federal Home Loan Mortgage Corporation (Freddie Mac) in February 2015. From 2003 to February 2015, he served as director (2003-2007) and vice president (2007-2015) in its Multifamily Division in charge of mortgage and investment products for affordable properties with federal, state or local financial support. During the period that he was vice president, Freddie Mac affordable housing investments annually approximated $3 to 4 billion, working with 10 to 15 affordable mortgage lenders and investors and supervising 8 production staff as well as working with 15 underwriting staff. From 1974 to 2003, he practiced law, including with Kutak Rock LLP and its predecessor firms, from 1976 until 1999, where he served in numerous management roles, and with Ballard Spahr LLP from 1999 to 2003. Mr. Griffith currently serves on the Board of Directors of Enterprise Community Investors, Inc., a national nonprofit that seeks to end housing insecurity through investments in equity and debt as well as supporting local nonprofits serving affordable housing residents and communities. He also serves on the Board of Housing Up, formerly Transitional Housing Corporation (chair 2015-2017), a Washington DC-based non-profit that provides housing and supportive services to homeless and at-risk families. He also serves on the board of Community Preservation Development Corporation, a Washington DC-based nonprofit that develops and owns affordable multifamily properties and workforce housing in the Washington DC region from Baltimore, MD to Richmond, VA and Newport News, VA.

Patrick J. Jung, CPA, 71, prior to retiring in May 2018, served as the Chief Operating Officer of Surdell & Partners, LLC, an advertising company in Omaha, Nebraska. Prior to his position with Surdell & Partners LLC, Mr. Jung was a practicing certified public accountant with KPMG LLC for thirty years. During that period, he served as a Partner for twenty years and as the Managing Partner of the Nebraska business unit for the last six years. Mr. Jung is also a member of the board of directors of Werner Enterprises, Inc., and serves on its audit and compensation committees. Werner Enterprises, Inc., headquartered in Omaha, Nebraska, is a publicly traded transportation and logistics company engaged primarily in hauling truckload shipments of general commodities. Mr. Jung is a director and officer at the Omaha Zoological Society

Michael O. Johanns, 68, was elected to the U.S. Senate in 2008. Senator Johanns served in the 111th through 113th Congresses as a member of the following committees: Appropriations, Agriculture, Banking, Commerce, Environment & Public Works, Indian Affairs and Veterans' Affairs (varied by Congress). As the 28th Secretary of the U.S. Department of Agriculture, Senator Johanns directed 18 agencies employing 90,000 staff worldwide and managed a $93 billion budget. Senator Johanns served as Governor of Nebraska from 1999 to 2005. Senator Johanns' public service began on the Lancaster County Board in Nebraska from 1983 to 1987, followed by the Lincoln City Council from 1989 to 1991. He was elected Mayor of Lincoln in 1991and reelected without opposition in 1995. He is a graduate of St. Mary's University of Minnesota and holds a law degree from Creighton University in Omaha. He clerked for the Nebraska Supreme Court before practicing law in O'Neill and Lincoln, Nebraska.

George H. Krauss, 77, was a consultant to Burlington from 1996 until 2010. From 2010 until present Mr. Krauss has been a Managing Director of Burlington. From 1972 to 1997, Mr. Krauss practiced law with Kutak Rock LLP, serving as such firm's managing partner from 1983 to 1993, and, from 1997 to 2006, was Of Counsel to such firm. Mr. Krauss currently serves as the Chairman of the board of directors of MFA Mort gage Investments, Inc. Mr. Krauss previously served on the board of directors of Gateway, Inc., from 1991 to October 2007, West Corporation, from January 2001 to October 2006, America First Apartment Investors, Inc., from January 2003 to September 2007, *info*GROUP, Inc., from December 2007 to July 2010 and Core Bank and its predecessor Omaha State Bank from 1987 to 2017. Mr. Krauss received a Juris Doctorate degree and a Masters of Business Administration degree from the University of Nebraska.

Dr. Gail Walling Yanney, 82, is a retired physician. Dr. Walling Yanney practiced anesthesiology. She was the Executive Director of the Clarkson Foundation from 1993 until October 1995. In addition, she was a director of FirsTier Bank, N.A., Omaha, Nebraska, prior to its merger with First Bank, N.A. Dr. Yanney is the wife of Michael B. Yanney and the mother of Lisa Y. Roskens.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Managers of Burlington and executive officers of the Partnership and persons who own more than 10% of the Partnership's BUCs to file reports of their ownership of BUCs with the SEC. Such officers, Managers and BUC holders are required by SEC regulations to furnish the Partnership with copies of all Section 16(a) reports they file. Based solely upon review of the copies of such reports received by the Partnership and written representations from each such person who did not file an annual report with the SEC (Form 5) that no other reports were required, the Partnership believes that all Section 16(a) filing requirements applicable to the executive officers, Managers, and beneficial owners of BUCs were satisfied in a timely manner during the year ended December 31, 2018.

Code of Ethical Conduct and Code of Conduct

Burlington has adopted the Code of Ethical Conduct for its senior executive and financial officers as required by Section 406 of the Sarbanes-Oxley Act of 2002. As such, this Code of Ethical Conduct covers all executive officers of Burlington, who perform such duties for the Partnership, including the Partnership's Chief Executive Officer and Chief Financial Officer. Burlington has also adopted the Corporate Code of Conduct applicable to all Board Managers, officers, and employees which is designed to comply with the listing requirements of the NASDAQ Stock Market. Both the Code of Ethical Conduct and the Corporate Code of Conduct are available on the Partnership's website at www.ataxfund.com.

Audit Committee

Burlington's Board of Managers has an Audit Committee. The Audit Committee charter is posted under the "Investors & Brokers" section of our website at www.ataxfund.com. The Partnership does not have a compensation committee or a nominating and corporate governance committee. The NASDAQ listing rules do not require a listed limited partnership to establish a compensation committee or a nominating and corporate governance committee. We are, however, required to have an audit committee with a majority of members that are "independent" under the NASDAQ listing standards.

The Audit Committee consists of Patrick J. Jung, Walter K. Griffith, and Michael O. Johanns. The Board of Managers has affirmatively determined that each member of the Audit Committee meets the independence and experience standards established by the NASDAQ listing rules and the rules of the SEC. The Board of Managers has also reviewed the financial expertise of Mr. Jung and affirmatively determined that he is an "audit committee financial expert," as determined by the rules of the SEC. Mr. Jung is "independent" as defined by the rules of the SEC and the NASDAQ listing standards.

The Audit Committee held four meetings in 2018. The Audit Committee assists the Board of Managers in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The Audit Committee has the sole authority to (1) retain and terminate our independent registered public accounting firm, (2) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm, and (3) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm. The Audit Committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm is given unrestricted access to the Audit Committee and Burlington's management, as necessary.

Item 11. Executive Compensation.

This section discusses the material elements of the compensation of the individuals who served as the Partnership's executive officers as of December 31, 2018, whom we refer to as our "named executive officers." For 2018, the Partnership's named executive officers consisted of Chad L. Daffer, the Chief Executive Officer, and Craig S. Allen, the Chief Financial Officer. Mr. Daffer and Mr. Allen are both employees, but not executive officers, of Burlington. Based on the standards for determining "executive officers" set forth in Exchange Act Rule 3b-7, and consistent with the Partnership's management structure, the Partnership has determined that, as of December 31, 2018, Mr. Daffer and Mr. Allen were the only individuals who served as executive officers of the Partnership.

Under the terms of its Amended and Restated LP Agreement, other than pursuant to awards under equity plans sponsored by the Partnership or its affiliates, the Partnership is not permitted to provide any compensation to executive officers of Burlington or to any limited partners of AFCA 2. In this regard, the compensation of the named executive officers of the Partnership is determined exclusively by Burlin gton. The Partnership reimburses Burlington, through AFCA 2 serving in its capacity as a pass-through entity only, for services provided by the Partnership's named executive officers. Accordingly, the Partnership does not have an executive compensation program for the named executive officers that is controlled by the Partnership.

Set forth below is information about all compensation paid by the Partnership, pursuant to awards under equity plans sponsored by the Partnership or its affiliates, to the named executive officers for the year ended December 31, 2018.

Summary Compensation Table For 2018

The following table sets forth information regarding compensation paid by the Partnership, pursuant to awards under equity plans sponsored by the Partnership or its affiliates, to our named executive officers for the years ended December 31, 2018 and 2017.

Name and Principal Position	Year	Unit Awards (1) ($)	Total ($)
Chad L. Daffer	2018	435,293	435,293
Chief Executive Officer	2017	325,679	325,679
Craig S. Allen	2018	353,233	353,233
Chief Financial Officer	2017	268,290	268,290

(1) This column reflects grants of RUAs under the Partnership's 2015 Equity Incentive Plan (the "Plan"). The Plan permits the grant of restricted units and other awards to the employees of Burlington, the Partnership, or any affiliate of either, and members of Burlington's Board of Managers for up to 3 million BUCs. RUAs are generally granted with vesting conditions ranging from three months to up to three years. RUAs granted to Managers and executive officers during 2018 and 2017 provide for the payment of distributions during the restriction period. The RUAs provide for accelerated vesting if there is a change in control related to the Partnership, the General Partner, or Burlington. The value of the RUAs to the named executive officers in the table above represents the aggregate grant date fair value of each award computed in accordance with FASB ASC Topic 718. The values were computed by multiplying the number of units underlying the unit award by the closing price of the Partnership's BUCs on the NASDAQ Global Select Market on the grant date. The Partnership awarded the named executive officers a total of 96,614 restricted units on March 20, 2018 and 28,324 restricted units on May 24, 2018, with grant date fair values of $6.30 and $6.35 per unit, respectively.

2015 Equity Incentive Plan

On June 24, 2015, Burlington's Board of Managers approved the America First Multifamily Investors, L.P. 2015 Equity Incentive Plan, which was subsequently approved by the Partnership's BUC holders on September 15, 2015. The purpose of the Plan is to promote the interests of the Partnership and its Unitholders by providing incentive compensation awards that encourage superior performance. The Plan is also intended to attract and retain the services of individuals who are essential for the Partnership's growth and profitability and to encourage those individuals to devote their best efforts to advancing the Partnership's business.

The maximum number of BUCs that may be delivered with respect to awards under the Plan is 3,000,000. The Plan is generally administered by Burlington's Board, or any compensation committee of Burlington's Board, if appointed, or any other committee as may be appointed by the Board to administer the Plan (the Board or any such committee is referred to herein as the "Committee"). The Committee has the full authority, subject to the terms of the Plan, to establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan, to designate participants under the Plan, to determine the number of BUCs to be covered by awards, to determine the type or types of awards to be granted to a participant, and to determine the terms and conditions of any award. All of Burlington's employees and members of the Board, and employees of Burlington's affiliates, including the Partnership, that perform services for Burlington, the Partnership, or an affiliate of either are eligible to be selected to participate in the Plan. The selection of which eligible individuals will receive awards is within the sole discretion of the Committee.

The Plan provides that the Committee may grant any or all of the following types of awards to eligible participants: (i) unit options; (ii) unit appreciation rights; (iii) restricted units; (iv) phantom units; (v) unit awards; and (vi) other unit-based awards. The Committee has full authority, subject to the terms of the Plan, to determine the types and amount of awards granted and the participants eligible to receive awards.

Upon the occurrence of any distribution (whether in cash, units, other securities, or other property), recapitalization, units split, reorganization or liquidation, merger, consolidation, split-up, spin-off, separation, combination, repurchase, acquisition of property or securities, or exchange of units or other securities of the Partnership, issuance of warrants or other rights to purchase units or other securities of the Partnership, or other similar transaction or event affects the units, then the Committee will equitably adjust any or all of (i) the number and type of units (or other securities or property) with respect to which awards may be granted, (ii) the number and type of units (or other securities or property) subject to outstanding awards, (iii) the grant or exercise price with respect to any award, (iv) any performance criteria for performance-based awards, except for awards based on continued service as an employee or manager, (v) the appropriate fair market value and other price determinations for such awards, and (vi) any other limitations in the Plan or, subject to Section 409A of the Internal Revenue Code of 1986, as amended, make provision for a cash payment to the holder of an outstanding award.

The effective date of the Plan is June 24, 2015 (the "Effective Date"), which is the date the Burlington Board approved the Plan. The term of the Plan will expire on the earlier of (i) the date it is terminated by the Board; (ii) the date units are no longer available under the plan for delivery pursuant to awards; or (iii) the tenth anniversary of the Effective Date (which is June 24, 2025). The Board may amend the Plan at any time; provided, however, that BUC holder approval will be obtained for any amendment to the Plan to the extent necessary to comply with any applicable law, regulation, or securities exchange rule. The Committee may also amend any award agreement evidencing an award made under the Plan, provided that no change in any outstanding award may be made that would adversely affect the rights of the participant under any previously granted award without the consent of the affected participant. Repricing of unit options and unit appreciation rights is prohibited under the Plan without the approval of our BUC holders, except in the case of adjustments implemented to reflect certain Partnership transactions, as described above.

Restricted units granted under the Plan totaled 309,212 and 283,046 for the years ended December 31, 2018 and 2017, respectively. No other types of awards have been granted under the Plan as of December 31, 2018. There are 2,276,442 BUCs available for future issuance under the Plan.

Outstanding Equity Awards at Fiscal Year-End 2018

Name	Number of Shares or Units of Stock That Have Not Vested [1] (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Chad L. Daffer	64,898	364,727
Craig S. Allen	52,897	297,281

(1) Represents restricted units granted under the Plan. Mr. Daffer's outstanding restricted units will vest 41,908 units on November 30, 2019 and 22,990 units on November 30, 2020. Mr. Allen's outstanding restricted units will vest 34,239 units on November 30, 2019 and 18,658 units on November 30, 2020.

(2) The market value of the restricted units set forth in this column was computed by multiplying $5.62, the closing market price of the BUCs on December 31, 2018, which was the last trading day of 2018, by the number of restricted units.

Manager Compensation for 2018

The Board of Managers of Burlington effectively acts as the Partnership's board of directors. Although Burlington is not a public company and its securities are not listed on any stock market or otherwise publicly traded, its Board of Managers is constituted in a manner that complies with rules of the SEC and the NASDAQ Stock Market related to public companies with securities listed on the NASDAQ Global Select Market in order for the Partnership and its BUCs to comply with the rules applicable to registrants that are limited partnerships. During 2018, the Partnership paid Burlington a total of $154,653 as reimbursement for services provided to the Partnership by independent Managers. The Partnership did not pay any other compensation of any nature to any of the Managers of Burlington or reimburse Burlington for any other amounts representing compensation to its Board of Managers, other than what is disclosed in the table below.

The following table sets forth the total compensation paid to the Managers ofBurlington for the year ended December 31, 2018 for their services to the Partnership.

Name	Total Fees Earned or Paid in Cash	Restricted Unit Awards (1)	Total Compensation
Michael B. Yanney (2)	$ -	$ 205,118	$ 205,118
Lisa Y. Roskens (3)	-	246,142	246,142
Mariann Byerwalter (4)	51,278	-	51,278
Dr. William S. Carter	26,000	43,908	69,908
Walter K. Griffith	22,750	38,417	61,167
Patrick J. Jung	31,875	46,647	78,522
Michael O. Johanns	22,750	38,417	61,167
George H. Krauss (5)	-	59,926	59,926
Dr. Gail Walling Yanney	-	-	-

(1) Refers to RUAs granted under the Plan. The value of RUAs to Managers in the table above represents the aggregate grant date fair value of each award computed in accordance with FASB ASC Topic 718. The value was computed by multiplying the number of units underlying the unit award by the closing price of the Partnership's BUCs on the NASDAQ Global Select Market on the grant date. The Partnership awarded the Managers a total of 83,137 restricted units on March 20, 2018 and 24,380 restricted units on May 24, 2018, with grant date fair values of $6.30 and $6.35 per BUC, respectively.
(2) As of December 31, 2018, Mr. Yanney held 21,667 outstanding and unvested restricted units pursuant to previously granted RUAs.
(3) As of December 31, 2018, Ms. Roskens held 26,001 outstanding and unvested restricted units pursuant to previously granted RUAs.
(4) Ms. Byerwalter resigned from the Board of Managers on November 5, 2018. This table only reflects the compensation Ms. Byerwalter earned as a member of the Board of Managers during the portion of 2018 in which she served as Manager.
(5) As of December 31, 2018, Mr. Krauss held 6,331 outstanding and unvested restricted units pursuant to previously granted RUAs.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

(a) No person is known by the Partnership to own beneficially more than 5% of the Partnership's BUCs.

(b) Chad L. Daffer and Craig S. Allen are the only executive officers of the Partnership, but they are employed by Burlington. The other persons constituting management of the Partnership are employees of Burlington as well. The following table and notes set forth information with respect to the beneficial ownership of the Partnership's BUCs by Mr. Daffer, Mr. Allen and each of the Managers of Burlington and by such persons as a group. Unless otherwise indicated, the information is as of February 26, 2019, and is based upon information furnished to us by such persons. Unless otherwise noted, all persons listed in the following table have sole voting and investment power over the BUCs they beneficially own and own such BUCs directly. For purposes of this table, the term "beneficially owned" means any person who, directly or indirectly, has the power to vote or to direct the voting of a BUC or the power to dispose or to direct the disposition of a BUC or has the right to acquire BUCs within 60 days. The percentages in the table below are based on 60,691,467 issued and outstanding BUCs and unvested restricted units as of December 31, 2018.

Name	Number of BUCs Beneficially Owned		Percent of Class
Michael B. Yanney, Chairman Emeritus and Manager of Burlington	524,796	(1)	*
Lisa Y. Roskens, Chairman, President, Chief Executive Officer and Manager of Burlington	564,928	(2)	*
Chad L. Daffer, Chief Executive Officer	304,060	(3)	*
Craig S. Allen, Chief Financial Officer	124,870	(4)	*
Dr. William S. Carter, Manager of Burlington	21,961		*
Walter K. Griffith, Manager of Burlington	42,220		*
Patrick J. Jung, Manager of Burlington	52,062	(5)	*
Michael O. Johanns, Manager of Burlington	17,220		*
George H. Krauss, Manager of Burlington	298,775	(6)	*
Dr. Gail Walling Yanney, Manager of Burlington	503,422	(7)	*
All current executive officers and Managers of Burlington as a group (10 persons)	1,524,330		2.5%

* denotes ownership of less than 1%.
(1) Amount includes 464,992 BUCs held by Burlington Capital LLC. Mr. Yanney has a beneficial ownership interest in and is a Manager and Chairman Emeritus of Burlington Capital LLC and is deemed to have a pecuniary interest in the BUCs due to his ownership interest in Burlington Capital LLC. Amount includes 32,585 restricted units with respect to which Mr. Yanney has voting rights.

(2) Amount includes 464,992 BUCs held by Burlington Capital LLC. Ms. Roskens has a beneficial ownership interest in, and is a Manager, Chairman, President, and Chief Executive Officer of Burlington Capital LLC and is deemed to have a pecuniary interest in the BUCs due to her ownership interest in Burlington Capital LLC. Amount includes 5,374 BUCs held in trust for the benefit of Ms. Roskens' two children. Amount includes 5,965 held in Ms. Roskens' retirement account. Amount includes 39,169 restricted units with respect to which Ms. Roskens has voting rights.
(3) Amount includes 7,260 BUCs held in trust for the benefit of Mr. Daffer's two children. Amount includes 64,898 restricted units with respect to which Mr. Daffer has voting rights.
(4) Amount includes 52,897 restricted units with respect to which Mr. Allen has voting rights.
(5) Amount includes 30,000 BUCs owned by Mr. Jung's spouse.
(6) Amount includes 172,785 BUCs owned by Mr. Krauss' spouse. Amount includes 9,415 restricted units with respect to which Mr. Krauss has voting rights.
(7) Amount includes 464,992 BUCs held by Burlington Capital LLC. Dr. Yanney has a beneficial ownership interest in and is a Manager of Burlington Capital LLC and is deemed to have a pecuniary interest in the BUCs due to her ownership interest in Burlington Capital LLC. Amount also includes 28,167 BUCs held in Dr. Yanney's retirement account.

(c) There are no arrangements known to the Partnership, the operation of which may at any subsequent date result in a change in control of the Partnership.

(d) For information regarding the compensation plan under which equity securities of the Partnership are currently authorized for issuance, see "Equity Compensation Plan Information" in Part II, Item 5, of this Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The general partner of the Partnership is AFCA 2 and the sole general partner of AFCA 2 is Burlington.

Except as described in Note 21 to the Partnership's consolidated financial statements filed in response to Item 8 of this Report, the Partnership is not a party to any transaction or proposed transaction with AFCA 2, Burlington or with any person who is: (i) a manager or executive officer of Burlington or any general partner of AFCA 2; (ii) a nominee for election as a manager of Burlington; (iii) an owner of more than five percent of the BUCs; or, (iv) a member of the immediate family of any of the foregoing persons. The disclosures set forth in Note 21 of the Partnership's consolidated financial statements filed in response to Item 8 of this Report are incorporated by reference herein.

For the identification of the members of Burlington's Board of Managers who are independent under the applicable SEC and NASDAQ requirements, see the disclosures in "Item 10. Directors, Executive Officers and Corporate Governance" of this Report on Form 10-K.

Item 14. Principal Accountant Fees and Services.

The Audit Committee of Burlington has engaged PricewaterhouseCoopers LLP ("PwC") as the independent registered public accounting firm for the Partnership for 2018. The Audit Committee regularly reviews and determines whether any non-audit services provided by PwC potentially affects its independence with respect to the Partnership. The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by PwC. Pre-approval is generally provided by the Audit Committee for up to one year, is detailed as to the particular service or category of services to be rendered and is generally subject to a specific budget. The Audit Committee may also pre-approve additional services or specific engagements on a case-by-case basis. Management provides annual updates to the Audit Committee regarding the extent of any services provided in accordance with this pre-approval, as well as the cumulative fees for all non-audit services incurred to date. During 2018, all services performed by PwC with respect to the Partnership were pre-approved by the Audit Committee in accordance with this policy.

The following table sets forth the aggregate fees billed by PwC with respect to audit and non-audit services for the Partnership during the years ended December 31, 2018 and 2017:

	2018	2017
Audit Fees (1)	$ 995,563	$ 1,082,277
Audit-Related Fees (2)	-	-
Tax Fees (3)	193,978	193,663
All Other Fees	-	-

(1) Audit Fees includes fees and expenses for professional services rendered for the audit of the Partnership's annual financial statements and internal control over financial reporting, reviews of the financial statements included in the Partnership's quarterly reports on Form 10-Q, and other services provided in connection with regulatory filings that generally only the principal auditor can reasonably provide.
(2) Audit-Related Fees includes services that are reasonably related to the performance of the audit or review of the financial statements, including audit and attestation services related to financial reporting that are not required by statute or regulation.
(3) Tax Fees includes fees and expenses for the professional services rendered for the preparation and review of tax returns and Schedule K-1's.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

1. Financial Statements. The following financial statements of the Partnership are included in response to Item 8 of this Report:

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2018 and 2017.

Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Partners' Capital for the years ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules. The information required to be set forth in the financial statement schedules is included in the notes to consolidated financial statements of the Partnership filed in response to Item 8 of this Report.

3. Exhibits. The following exhibits are filed as required by Item 15(a)(3) of this Report. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

3.1	America First Multifamily Investors, L.P. First Amended and Restated Agreement of Limited Partnership dated as of September 15, 2015 (incorporated herein by reference to Exhibit 3.1 to Form 8-K (No. 000-24843), filed by the Partnership on September 18, 2015).
3.2	First Amendment to First Amended and Restated Agreement of Limited Partnership of America First Multifamily Investors, L.P. dated March 30, 2016 (incorporated herein by reference to Exhibit 3.1 to Form 8-K (No. 000-24843), filed by the Partnership on March 31, 2016).
3.3	Second Amendment to First Amended and Restated Agreement of Limited Partnership of America First Multifamily Investors, L.P. dated May 19, 2016 (incorporated herein by reference to Exhibit 3.1 to Form 8-K (No. 000-24843), filed by the Partnership on May 19, 2016).
3.4	Third Amendment to First Amended and Restated Agreement of Limited Partnership of America First Multifamily Investors, L.P. dated August 7, 2017 (incorporated herein by reference to Exhibit 3.1 to Form 8-K (No. 000-24843), filed by the Partnership on August 7, 2017).
3.5	Certificate of Limited Partnership of America First Tax Exempt Investors, L.P.
3.6	Amendment to the Certificate of Limited Partnership, effective November 12, 2013.
3.7	Articles of Incorporation of America First Fiduciary Corporation Number Five.
4.1	Form of Beneficial Unit Certificate of the Partnership.
4.2	Amended Agreement of Merger, dated June 12, 1998, between the Partnership and America First Tax Exempt Mortgage Fund Limited Partnership (incorporated herein by reference to Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-4 (No. 333-50513) filed by the Partnership on September 14, 1998).
10.1	America First Multifamily Investors, L.P. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on September 18, 2015).
10.2	Form of Restricted Unit Award Agreement under the America First Multifamily Investors, L.P. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.8 to the Registration Statement on Form S-8 (No. 333-209811), filed by the Partnership on February 29, 2016).
10.3	Form of Restricted Unit Award Agreement under the America First Multifamily Investors, L.P. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.9 to the Registration Statement on Form S-8 (No. 333-209811), filed by the Partnership on February 29, 2016).

10.4	Sale, Contribution and Assignment Agreement dated August 8, 2018 between America First Multifamily Investors, L.P. and ATAX TEBS IV, LLC (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on August 9, 2018).
10.5	Subordinate Bonds Custody Agreement dated August 1, 2018 by and among U.S. Bank, National Association, as custodian for the Federal Home Loan Mortgage Corporation, America First Multifamily Investors, L.P., and ATAX TEBS IV, LLC (incorporated herein by reference to Exhibit 10.2 to Form 8-K (No. 000-24843), filed by the Partnership on August 9, 2018).
10.6	Bond Exchange, Reimbursement, Pledge and Security Agreement dated August 1, 2018 between the Federal Home Loan Mortgage Corporation and ATAX TEBS IV, LLC (incorporated herein by reference to Exhibit 10.3 to Form 8-K (No. 000-24843), filed by the Partnership on August 9, 2018).
10.7	Series Certificate Agreement dated August 1, 2018 between the Federal Home Loan Mortgage Corporation, in its corporate capacity, and the Federal Home Loan Mortgage Corporation, in its capacity as administrator (incorporated herein by reference to Exhibit 10.4 to Form 8-K (No. 000-24843), filed by the Partnership on August 9, 2018).
10.8	Limited Support Agreement dated August 1, 2018 between America First Multifamily Investors, L.P. and the Federal Home Loan Mortgage Corporation (incorporated herein by reference to Exhibit 10.5 to Form 8-K (No. 000-24843), filed by the Partnership on August 9, 2018).
10.9	Sale, Contribution and Assignment Agreement dated July 1, 2015 between America First Multifamily Investors, L.P. and ATAX TEBS III, LLC (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.10	Subordinate Bonds Custody Agreement dated July 1, 2015 by and among The Bank of New York Mellon Trust Company, N.A., as custodian for the Federal Home Loan Mortgage Corporation, America First Multifamily Investors, L.P., and ATAX TEBS III, LLC (incorporated herein by reference to Exhibit 10.2 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.11	Bond Exchange, Reimbursement, Pledge and Security Agreement dated July 1, 2015 between the Federal Home Loan Mortgage Corporation and ATAX TEBS III, LLC (incorporated herein by reference to Exhibit 10.3 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.12	Series Certificate Agreement dated July 1, 2015 between the Federal Home Loan Mortgage Corporation, in its corporate capacity, and the Federal Home Loan Mortgage Corporation, in its capacity as administrator (incorporated herein by reference to Exhibit 10.4 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.13	Limited Support Agreement dated July 1, 2015 between America First Multifamily Investors, L.P. and the Federal Home Loan Mortgage Corporation (incorporated herein by reference to Exhibit 10.5 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.14	Rate Cap Agreement dated July 8, 2015 between ATAX TEBS III, LLC and Wells Fargo Bank, National Association (incorporated herein by reference to Exhibit 10.6 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.15	Rate Cap Agreement dated July 8, 2015 between ATAX TEBS III, LLC and the Royal Bank of Canada (incorporated herein by reference to Exhibit 10.7 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.16	Rate Cap Agreement dated July 8, 2015 between ATAX TEBS III, LLC and Sumitomo Mitsui Banking Corporation (incorporated herein by reference to Exhibit 10.8 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2015).
10.17	Sale, Contribution and Assignment Agreement dated July 10, 2014 between America First Multifamily Investors, L.P. and ATAX TEBS II, LLC (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.18	Subordinate Bonds Custody Agreement dated July 1, 2014 by and among The Bank of New York Mellon Trust Company, N.A., the Federal Home Loan Mortgage Corporation, America First Multifamily Investors, L.P., and ATAX TEBS II, LLC (incorporated herein by reference to Exhibit 10.2 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.19	Bond Exchange, Reimbursement, Pledge and Security Agreement dated July 1, 2014 between the Federal Home Loan Mortgage Corporation and ATAX TEBS II, LLC (incorporated herein by reference to Exhibit 10.3 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).

10.20	Series Certificate Agreement dated July 1, 2014 between the Federal Home Loan Mortgage Corporation, in its corporate capacity, and the Federal Home Loan Mortgage Corporation, in its capacity as administrator (incorporated herein by reference to Exhibit 10.4 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.21	Limited Support Agreement dated July 1, 2014 between America First Multifamily Investors, L.P. and the Federal Home Loan Mortgage Corporation (incorporated herein by reference to Exhibit 10.5 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.22	Rate Cap Agreement dated July 7, 2014 between ATAX TEBS II, LLC and Barclays Bank PLC (incorporated herein by reference to Exhibit 10.6 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.23	Rate Cap Agreement dated July 7, 2014 between ATAX TEBS II, LLC and the Royal Bank of Canada (incorporated herein by reference to Exhibit 10.7 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.24	Rate Cap Agreement dated July 7, 2014 between ATAX TEBS II, LLC and Sumitomo Mitsui Banking Corporation (incorporated herein by reference to Exhibit 10.8 to Form 8-K (No. 000-24843), filed by the Partnership on July 16, 2014).
10.25	Sale and Assignment Agreement by and between the Registrant and ATAX TEBS I, LLC, dated September 1, 2010.
10.26	Custody Agreement by and between ATAX TEBS I, LLC and The Bank of New York Mellon Trust, N.A., dated September 1, 2010.
10.27	Bond Exchange, Reimbursement, Pledge and Security Agreement by and between ATAX TEBS I, LLC and Federal Home Loan Mortgage Corporation, dated September 1, 2010.
10.28	Series Certificate Agreement by and between Federal Home Loan Mortgage Corporation, in its corporate capacity, and Federal Home Loan Mortgage Corporation, in its capacity as Administrator, dated September 1, 2010 with respect to Freddie Mac Multifamily Variable Rate Certificates Series M024.
10.29	The Limited Support Agreement between the Registrant and Federal Home Loan Mortgage Corporation, dated as of September 1, 2010.
10.30	Rate Cap Agreement between ATAX TEBS I, LLC and Barclays Bank, PLC, dated as of September 1, 2010 (incorporated herein by reference to Exhibit 10.6 to Form 8-K (No. 000-24843), filed by the Partnership on September 8, 2010).
10.31	Rate Cap Agreement between ATAX TEBS I, LLC and Bank of The New York Mellon dated as of September 1, 2010 (incorporated herein by reference to Exhibit 10.7 to Form 8-K (No. 000-24843), filed by the Partnership on September 8, 2010).
10.32	Rate Cap Agreement between ATAX TEBS I, LLC and Royal Bank of Canada, dated as of September 1, 2010 (incorporated herein by reference to Exhibit 10.8 to Form 8-K (No. 000-24843), filed by the Partnership on September 8, 2010).
10.33	Credit Agreement dated May 14, 2015 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on May 20, 2015).
10.34	Revolving Line of Credit Note dated May 14, 2015 executed by America First Multifamily Investors, L.P. and payable to the order of Bankers Trust Company (incorporated herein by reference to Exhibit 10.2 to Form 8-K (No. 000-24843), filed by the Partnership on May 20, 2015).
10.35	First Amendment to Credit Agreement dated January 7, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on January 13, 2016).
10.36	Waiver Letter dated January 7, 2016 (incorporated herein by reference to Exhibit 10.2 to Form 8-K (No. 000-24843), filed by the Partnership on January 13, 2016).
10.37	Second Amendment to Credit Agreement dated February 10, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on February 17, 2016).
10.38	Third Amendment to Credit Agreement dated November 14, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on November 18, 2016).

10.39	Fourth Amendment to Credit Agreement dated May 22, 2017 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on May 25, 2017).
10.40	Fifth Amendment to Credit Agreement dated July 19, 2018 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on July 20, 2018).
10.41	Credit Agreement dated December 14, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.41 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on March 3, 2017).
10.42	Promissory Note dated December 14, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.42 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on March 3, 2017).
10.43	Security Agreement dated December 14, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.43 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on March 3, 2017).
10.44	Collateral Account Control Agreement dated December 14, 2016 between America First Multifamily Investors, L.P. and Bankers Trust Company (incorporated herein by reference to Exhibit 10.44 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on March 3, 2017).
10.45	Mortgage with Assignment of Rents, Security Agreement and Fixture Filing dated December 14, 2016 between Meadowbrook Apartments Limited Partnership and Bankers Trust Company (incorporated herein by reference to Exhibit 10.45 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on March 3, 2017).
10.46	Series A Preferred Units Subscription Agreement dated March 3, 2017 (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on May 5, 2017).
10.47	Series A Preferred Units Subscription Agreement dated March 31, 2017 (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on May 5, 2017).
10.48	Series A Preferred Units Subscription Agreement dated August 7, 2017 (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on November 6, 2017).
10.49	Series A Preferred Units Subscription Agreement dated October 2, 2017 (incorporated herein by reference to Exhibit 10.54 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on February 28, 2018).
10.50	Series A Preferred Units Subscription Agreement dated October 25, 2017 (incorporated herein by reference to Exhibit 10.55 to the Annual Report on Form 10-K (No. 000-24843), filed by the Partnership on February 28, 2018).
10.51	Regulatory Margin Self-Disclosure Letter dated June 30, 2017 between ATAX TEBS II, LLC and the International Swaps and Derivative Association, Inc. (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on August 7, 2017).
10.52	Rate Cap Agreement dated June 28, 2017 between ATAX TEBS II, LLC and Barclays Bank PLC (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on August 7, 2017).
10.53	Regulatory Margin Self-Disclosure Letter dated June 30, 2017 between ATAX TEBS III, LLC and the International Swaps and Derivative Association, Inc. (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on August 7, 2017).
10.54	Rate Cap Agreement dated June 28, 2017 between ATAX TEBS III, LLC and Barclays Bank PLC (incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on August 7, 2017).
10.55	Amended and Restated Rate Cap Agreement dated August 10, 2017 between ATAX TEBS II, LLC and Barclays Bank PLC (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on November 6, 2017).
10.56	Amended and Restated Rate Cap Agreement dated August 10, 2017 between ATAX TEBS III, LLC and Barclays Bank PLC (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (No. 000-24843), filed by the Partnership on November 6, 2017).

10.57	Capital on Demand™ Sales Agreement, dated December 7, 2017, by and between America First Multifamily Investors, L.P. and JonesTrading Institutional Services, LLC (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on December 7, 2017).
10.58	Capital on DemandTM Sales Agreement, dated August 1, 2018, by and between America First Multifamily Investors, L.P. and JonesTrading Institutional Services, LLC (incorporated herein by reference to Exhibit 10.1 to Form 8-K (No. 000-24843), filed by the Partnership on August 1, 2018).
21	Listing of Subsidiaries
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney.
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Partnership's Annual Report on Form 10-K for the year ended December 31, 2018 are furnished herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017, (ii) the Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016, (iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2018, 2017 and 2016, (iv) the Consolidated Statements of Partners' Capital for the years ended December 31, 2018, 2017 and 2016, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016 and (vi) Notes to Consolidated Financial Statements. Such materials are presented with detailed tagging of notes and financial statement schedules.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.
Date: February 28, 2019
By /s/ Chad L. Daffer
Chad L. Daffer
Chief Executive Officer
America First Multifamily Investors, L.P.

Pursuant to the requirements of the Securities and Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 28, 2019
By /s/ Michael B. Yanney*
Michael B. Yanney,
Chairman Emeritus of the Board and
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Lisa Y. Roskens*
Lisa Y. Roskens
Chairman of the Board, President, Chief Executive Offer and
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Chad L. Daffer
Chad L. Daffer,
Chief Executive Officer of the Registrant
(Principal Executive Officer)

Date: February 28, 2019
By /s/ Craig S. Allen
Craig S. Allen
Chief Financial Officer of the Registrant
(Principal Financial Officer and Principal Accounting Officer)

Date: February 28, 2019
By /s/ William S. Carter*
William S. Carter,
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Walter K. Griffith*
Walter K. Griffith,
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Patrick J. Jung*
Patrick J. Jung,
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Michael O. Johanns*
Michael O. Johanns,
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ George H. Krauss*
George H. Krauss,
Manager of Burlington Capital LLC

Date: February 28, 2019
By /s/ Gail Walling Yanney*
Gail Walling Yanney,
Manager of Burlington Capital LLC

*By Craig S. Allen,
Attorney-in-Fact

By /s/ Craig S. Allen
Craig S. Allen

Exhibit 3.5

CERTIFICATE OF LIMITED PARTNERSHIP

OF

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

America First Capital Associates Limited Partnership Two, (the "General Partner") makes and signs the following certificate for the purpose of forming a limited partnership pursuant to Section 17-201 of the Delaware Revised Uniform Partnership Act.

1. The name of the limited partnership is America First Tax Exempt Investors, L.P. (the "Partnership").

2. The name and address of the Partnership's agent for service of process in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

3. The address of the Partnership's principal office is 1004 Farnam Street, Suite 400, Omaha, Nebraska 68102.

4. The name and business address of the Partnership's General Partner is America First Capital Associates Limited Partnership Two, Suite 400, 1004 Farnam Street, Omaha, Nebraska 68102.

5. This Certificate of Limited Partnership shall be effective as of the date of its filing in the Office of Secretary of State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Limited Partnership as of the 2ndday of April, 1998.

AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO,
General Partner

By: America First Companies L.L.C., General Partner

By: /s/ Michael Thesing
Michael Thesing, Vice President

Exhibit 3.6

STATE OF DELAWARE
AMENDMENT TO THE CERTIFICATE OF
LIMITED PARTNERSHIP

The undersigned, desiring to amend the Certificate of Limited Partnership pursuant to the provisions of Section 17-202 of the Revised Uniform Limited Partnership Act of the State of Delaware, does hereby certify as follows:

FIRST: The name of the Limited Partnership is America First Tax Exempt Investors, L.P.

SECOND: Article 1 of the Certificate of Limited Partnership shall be amended as follows:

1. The name of the limited partnership is America First Multifamily Investors, L.P. (the "Partnership").

IN WITNESS WHEREOF, the undersigned executed this Amendment to the Certificate of Limited Partnership on this 12th day of November, A.D. 2013.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By: America First Capital Associates Limited Partnership Two, its General Partner

By: The Burlington Capital Group LLC, General Partner of America First Capital Associates Limited Partnership Two

By: /s/ Lisa Y. Roskens
Name: Lisa Y. Roskens
Title: Chief Executive Officer

ARTICLES OF INCORPORATION

OF

AMERICA FIRST FIDUCIARY CORPORATION NUMBER FIVE

The undersigned person, being of the age of majority and acting as Incorporator of the Corporation under the Nebraska Business Corporation Act, adopts the following Articles of
Incorporation for such Corporation:

ARTICLE I

NAME

The name of the Corporation is America First Fiduciary Corporation Number Five.

ARTICLE II

DURATION

The period of the Corporation's duration is perpetual.

ARTICLE III

PURPOSES

The purposes for which the Corporation is organized are:

A. To. act as the Initial Limited Partner of America First-Condel Tax Exempt Investors Limited Partnership as provided in the Limited partnership agreement and prospectus relating thereto.

B. To transact any and all lawful business for which corporations may be incorporated under the laws of the State of Nebraska; and

C. To do everything necessary, proper advisable and convenient for the accomplishment of the purposes hereinabove set forth, and to do all other things
incidental thereto or connected therewith which are not forbidden by the laws of the State of Nebraska or by these Articles of Incorporation.

ARTICLE IV

POWERS

The Corporation shall have and exercise all powers and rights conferred upon corporations by the Nebraska Business Corporation Act and any enlargement of such powers conferred by subsequent legislative acts; and, in addition thereto, the Corporation shall have and exercise all powers and rights, not otherwise denied corporations by the laws of the State of Nebraska, as are necessary, suitable, proper, convenient or expedient to the attainment of the purposes set forth in Article III above; provided, however; that the Corporation shall have no power to borrow money or to otherwise incur indebtedness for any purpose.

ARTICLE V

AUTHORIZED SHARES

The aggregate number of shares which the Corporation shall have the authority to issue is 10,000 shares of Common Stock, par value $.01 per share.

ARTICLE VI

INITIAL REGISTERED OFFICE AND INI~IAL REGISTERED AGENT

The street address of the initial registered office of the Corporation is 1650 Farnam Street, Omaha, Nebraska 68102 and the name of its initial registered agent at such address is Gregory D. Erwin.

ARTICLE VII

NAME AND ADDRESS OF INCORPORATOR

The name and address of the Incorporator is Carolyn A. Betts, 1650 Farnam Street, Omaha, Nebraska 68102.

DATED this 16th day of August, 1985.

/s/ Carolyn A. Betts
Carolyn A. Betts, Incorporator

Exhibit 4.1

Certificate No. CUSIP 02364V 10 7

AMERICA FIRST MULTIFAMILY INVESTORS, L.P.

BENEFICIAL UNIT CERTIFICATE

THIS CERTIFICATES THAT _____ is the registered owner of _____ Beneficial Unit Certificates evidencing an assignment of a portion of the limited partner interest held by America First Fiduciary Corporation Number Five (the "Initial Limited Partner") in America First Multifamily Investors, L.P., a Delaware limited partnership (the "Partnership"), and holds the same subject to the terms of an Agreement of Limited Partnership, dated October 1, 1998, by and between America First Capital Associates Limited Partnership Two (the "General Partner") and the Initial Limited Partner, as it may be amended from time to time (the "Partnership Agreement"). Such Beneficial Unit Certificates are transferable on the books of the Partnership, subject to the limitations in the Partnership Agreement, by the holder hereof in person or by duly authorized attorney, on surrender of this certificate properly endorsed. All capitalized terms not otherwise defined herein have the meaning set forth in the Partnership Agreement.

IN WITNESS WHEREOF, the Initial Limited Partner has caused this instrument to be duly executed.

Dated: _____, 20____

AMERICA FIRST FIDUCIARY CORPORATION NUMBER FIVE,
Initial Limited Partner

By _____
Lisa Y. Roskens, President

By _____
Mark A. Hiatt, Secretary

American Stock Transfer & Trust Company,
Transfer Agent

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- Custodian (Cust) (Minor)
under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

the Beneficial Unit Certificates evidenced hereby in America First Multifamily Investors, L.P., and do hereby irrevocably constitute and appoint _____ to transfer the said Beneficial Unit Certificates on the books of the Partnership with full power of substitution in the premises.

NOTICE: The signature(s) to this assignment must correspond with the name as written upon the face of the Certificate in every particular, without alteration or enlargement or any change whatever.

In the presence of:

X _____ Dated: _____
Witness

X _____ Dated: _____
Witness

Exhibit 10.25

SALE, CONTRIBUTION AND ASSIGNMENT AGREEMENT

THIS SALE, CONTRIBUTION AND ASSIGNMENT AGREEMENT (this "Agreement"), dated as of September 1, 2010, is between **AMERICA FIRST TAX EXEMPT INVESTORS, L.P.**, a Delaware limited partnership ("ATAX") and **ATAX TEBS I, LLC.,** a Delaware limited liability company (the "Sponsor").

W I T N ES S E T H :

Capitalized terms used herein and not otherwise defined in this Agreement shall have the meanings set forth in the Bond Exchange, Reimbursement, Pledge and Security Agreement, dated as of September 1, 2010 (the "Reimbursement Agreement"), between the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Sponsor.

WHEREAS, ATAX is the sole economic member of the Sponsor;

WHEREAS, ATAX is the owner of certain multifamily housing revenue bonds listed on Schedule I hereto (the "Bonds");

WHEREAS, concurrently with delivery of this Agreement, ATAX is causing the Sponsor to deposit certain of the Bonds with The Bank of New York Mellon Trust Company, N.A., as custodian (the "Custodian"), pursuant to a Custody Agreement, dated as of the date hereof (the "Custody Agreement"), in exchange for senior custodial receipts (the "Senior Custodial Receipts") and subordinate custodial receipts (the "Subordinate Custodial Receipts" and, together with the Senior Custodial Receipts, the "Receipts");

WHEREAS, concurrently with delivery of this Agreement, ATAX is causing the Sponsor, pursuant to the Reimbursement Agreement, to deposit certain of the Bonds and the Senior Custodial Receipts (collectively, the "Deposited Assets") with Freddie Mac in exchange for two or more series of certificates (collectively, the "Certificates") evidencing undivided beneficial interests in the Deposited Assets related to the series of certificates;

WHEREAS, pursuant to the Credit Enhancement, Freddie Mac has agreed to guaranty certain payments due on the Class A Certificates;

WHEREAS, ATAX desires to cause the Class A Certificates to be sold to investors and to have Freddie Mac guaranty payments due on the Class A Certificates and to have the Sponsor retain the Class B Certificates;

WHEREAS, ATAX will gain substantial benefit by causing the Sponsor to enter into the transactions contemplated by the Reimbursement Agreement; and

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration and the mutual terms and covenants contained herein, the parties hereto agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms of the terms defined):

"*Agreement*" means this Sale, Contribution and Assignment Agreement and all amendments hereof and supplements hereto.

"*Closing Date*" means September 2, 2010.

"*Sponsor Documents*" has the meaning given to such term in the Reimbursement Agreement.

Section 2. Sale, Contribution and Assignment. For value received, ATAX does hereby, effective as of the Closing Date, sell, contribute, assign, transfer and otherwise convey, or cause to be sold, contributed, assigned, transferred and conveyed to the Sponsor, including causing assignment directly to Freddie Mac for the benefit of the Sponsor (collectively, the "Transfer"), without recourse, all right, title and interest of ATAX in and to the Bonds, all payments due thereon, all rights held by ATAX as the Bondholder Representative in, to and under the Bonds and related Bond Documents, and the proceeds of any and all of the foregoing. The Bonds will be transferred to the Sponsor in part as a sale, for an amount equal to the proceeds of the sale of the Class A Certificates minus costs of the transactions contemplated by the Sponsor Documents, including escrow and reserve funds required thereby, and in part as a capital contribution.

The Sponsor hereby accepts the Transfer of the Bonds. Simultaneously with the Transfer, the Sponsor is depositing the Deposited Assets with Freddie Mac as contemplated by the Reimbursement Agreement.

Section 3. Assignment Procedures. ATAX, on or before the Closing Date, shall cause each series of Bonds, identified by CUSIP number, which are in definitive or certificated form and representing all Bonds of such series outstanding to be physically delivered to or at the direction of the Sponsor, indorsed (or accompanied by bond powers indorsed) to the Sponsor or in blank by the current registered owner thereof and, as applicable, certified by an appropriate medallion seal, and (ii) each series of Bonds, identified by CUSIP number, which are registered on the book-entry system of The Depository Trust Company ("DTC") and representing all Bonds of such series outstanding to be transferred pursuant to appropriate transfer instruments or instructions via the DTC securities settlement, delivery and payment system to or for the account of the Sponsor or such other account as directed by the Sponsor.

Section 4. Representations and Warranties of ATAX. ATAX hereby represents and warrants to the Sponsor that as of the Closing Date:

(i) ***Due Authorization, Execution and Validity***. This Agreement has been duly authorized by ATAX, is valid and binding agreement of ATAX, and is enforceable in accordance with its terms except as may be limited by bankruptcy, insolvency, reorganization, moratoriums, liquidation or readjustment of debt or similar laws affecting the enforcement of creditors' rights generally and as may be limited to the effect of general principles of equity.

(ii) ***Organization and Existence***. ATAX (i) is a limited partnership duly organized and existing pursuant to the laws of the State of Delaware, (ii) has the corporate power and authority to own its properties and to carry on its business as now being conducted and as contemplated hereby, and (iii) has the corporate power and authority to execute and perform all of its undertakings hereunder.

(iii) ***No Violation***. The execution and performance by ATAX of this Agreement (i) will not violate in any material respect or, as applicable, have not violated in any material respect any provision of any law, rule or regulation binding upon ATAX or any order of any court or other agency or government having jurisdiction over ATAX, and (ii) will not violate in any material respect, or as applicable, have not violated in any material respect any provision of any indenture, agreement or other instrument to which ATAX is a party or is otherwise subject, or result in the creation or imposition of any lien, charge or encumbrance of any nature except, in each case, as contemplated by the Sponsor Documents or this Agreement or as would not reasonably be expected to have a material adverse effect on ATAX's ability to perform its respective obligations hereunder or under the ATAX Documents.

(iv) ***Fair Value***. ATAX has received reasonably equivalent value and fair consideration for the Bonds that it assigned to the Sponsor.

(v) ***Good Title; Absence of Liens; Security Interest***. Immediately prior to the transfer to the Sponsor, ATAX is the owner of, and has

good and marketable title to, the Bonds that it assigned to the Sponsor free and clear of all liens, and has full right, corporate power and lawful authority to assign, transfer and pledge such Bonds.

(vi) ***Solvency; Fraudulent Conveyance***. ATAX is solvent and will not be rendered insolvent by the transactions contemplated by the Transaction Documents and, after giving effect to such transactions, ATAX will not be left with an unreasonably small amount of capital with which to engage in its business. ATAX does not intend to incur, or believes that it has incurred, debts beyond its ability to pay such debts as they mature. ATAX does not contemplate the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of ATAX or any of its assets. ATAX is not transferring (or causing to be transferred) the Bonds to the Sponsor and is not causing any affiliate of ATAX to transfer any Bonds to the Sponsor, and is not causing the Sponsor to transfer any Bonds to Freddie Mac, all as contemplated by the Sponsor Documents, with any intent to hinder, delay or defraud any of ATAX's or its affiliates' creditors.

(vii) ***Bonds***. With respect to the Bonds ATAX makes the representations and warranties set forth in Section 2.1 of the Reimbursement Agreement, as if such representations and warranties are set forth herein.

Section 5. Representations and Warranties of the Sponsor. The Sponsor hereby represents and warrants to ATAX that as of the Closing Date:

(i) ***Due Authorization, Execution and Validity***. This Agreement has been duly authorized by the Sponsor, is valid and binding agreement of the Sponsor, and is enforceable in accordance with its terms except as may be limited by bankruptcy, insolvency, reorganization, moratoriums, liquidation or readjustment of debt or similar laws affecting the enforcement of creditors' rights generally and as may be limited to the effect of general principles of equity.

(ii) ***Organization and Existence***. The Sponsor (i) is a limited liability company duly organized and existing pursuant to the laws of the State of Delaware, (ii) has the power and authority to own its properties and to carry on its business as now being conducted and as contemplated hereby, and (iii) has the power and authority to execute and perform all of its undertakings hereunder.

(iii) ***No Violation***. The execution and performance by the Sponsor of this Agreement (i) will not violate in any material respect or, as applicable, have not violated in any material respect any provision of any law, rule or regulation binding upon the Sponsor or any order of any court or other agency or government having jurisdiction over the Sponsor, and (ii) will not violate in any material respect, or as applicable, have not violated in any material respect any provision of any indenture, agreement or other instrument to which the Sponsor is a party or is otherwise subject, or result in the creation or imposition of any lien, charge or encumbrance of any nature except, in each case, as contemplated by the Sponsor Documents or this Agreement or as would not reasonably be expected to have a material adverse effect on the Sponsor's ability to perform its respective obligations hereunder or under the Sponsor Documents.

(iv) ***Solvency; Fraudulent Conveyance***. The Sponsor is solvent and will not be rendered insolvent by the transactions contemplated by the Transaction Documents and, after giving effect to such transactions, the Sponsor will not be left with an unreasonably small amount of capital with which to engage in its business. The Sponsor does not intend to incur, or believes that it has incurred, debts beyond its ability to pay such debts as they mature. The Sponsor does not contemplate the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official in respect of the Sponsor or any of its assets. The Sponsor is not transferring the Bonds to Freddie Mac, all as contemplated by the Sponsor Documents, with any intent to hinder, delay or defraud any of the Sponsor's creditors.

Section 6. Characterization of Transfer. It is the express intention of the parties hereto that the Transfer of the Bonds by ATAX to the Sponsor be, and be construed as, an absolute sale and transfer to the Sponsor and not as a secured borrowing or a pledge of the Bonds by ATAX to the Sponsor to secure a debt or other obligation of ATAX. ATAX will record the transaction as a sale from ATAX to the Sponsor; provided however, that due to consolidation of the Sponsor with ATAX under GAAP, the sale transaction will be presented on the consolidated financial statements of ATAX and the Sponsor as a secured financing for GAAP and, therefore, the Class A Certificates will be reported as debt on the consolidated financial statements of ATAX. However, in the event that, notwithstanding the aforementioned intent of the parties, the Bonds are held to be property of ATAX, then, and exclusively and solely in such event, it is the express intent of the parties that such conveyance be deemed to be a pledge of the Bonds by ATAX to the Sponsor to secure a debt or other obligation of ATAX and this Agreement shall also be deemed to be a security agreement within the meaning of Articles 8 and 9 of the New York Uniform Commercial Code.

Section 7. Headings. The various headings in this Agreement are included for conveyance only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to section names or numbers are to such sections of this Agreement.

Section 8. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 9. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument.

[signatures on next page]

IN WITNESS WHEREOF, the undersigned have caused this Sale, Contribution and Assignment Agreement to be duly executed as of the date specified above.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership
Its: Member

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

[SIGNATURE PAGE TO THE SALE, CONTRIBUTION

AND ASSIGNMENT AGREEMENT]

ATAX TEBS I, LLC, a Delaware limited liability company

By: AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership
Its: Member

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

[SIGNATURE PAGE TO THE SALE, CONTRIBUTION

AND ASSIGNMENT AGREEMENT]

SCHEDULE I

1. Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Bella Vista Apartments)
Series 2006

2. South Carolina State Housing Finance and Development
Authority
Multifamily Rental Housing Revenue Bonds
(Bridle Ridge Apartments) Series 2008

3. Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Runnymede Apartments Project)
Series 2007

4. City of Maplewood, Minnesota
Multifamily Housing Revenue Bonds
(Woodlynn Village Project)
Series 2007

5. Senior Beneficial Interest Certificate
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Refunding Bonds
2003 Series I
(Fairmont Oaks Apartments)

6. Senior Beneficial Interest Certificate
Florida Housing Finance Corporation
Multi-Family Housing Revenue Refunding Bonds
2001 Series G
(Lake Forest Apartments)

7. Iowa Finance Authority
Multifamily Mortgage Revenue Refunding Bonds
(The Mill Apartments Project)
Series 1999A

8. South Carolina State Housing, Finance,
and Development Authority
Multifamily Rental Housing Revenue Refunding Bonds
(Bent Tree Apartments Project)
Series 2000H-1

9. Bexar County Housing Finance Authority
Multifamily Housing Revenue Bonds
(The Villages at Lost Creek Apartments Project) Series 2006A-1

10. Strategic Housing Finance Corporation of Travis County
Multifamily Housing Mortgage Revenue Bonds
(Southpark Apartments) Series 2006

11. Ohio Housing Finance Agency
Multifamily Housing Revenue Bonds
(Foundation for Affordable Housing Portfolio Project) Series 2010A

12. South Carolina State Housing Finance and Development Authority
Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project)
Series 2005

13. The County of Lake, Illinois
Multifamily Housing Revenue Bonds
(Brookstone Apartments Project)
Series 2007

Exhibit 10.26

CUSTODY AGREEMENT

Between

ATAX TEBS I, LLC
as Depositor,

And

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

Dated as of September 1, 2010

With respect to
Custodial Receipts, Series RA and RB
relating to
the Bonds
Identified Herein

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CUSTODY AGREEMENT

This CUSTODY AGREEMENT, dated as of September 1, 2010 (as amended, modified or supplemented from time to time, this "Agreement"), by and between ATAX TEBS I, LLC, a limited liability company organized and existing under the laws of the State of Delaware, in its capacity as the depositor of the municipal bonds hereinafter described (together with its permitted successors, the "Depositor"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, not in its individual capacity, but solely in its capacity as the custodian for the holders from time to time of the custodial receipts hereafter described (together with any successor custodian hereunder and their respective successors and assigns, the "Custodian"),

WITNESSETH:

WHEREAS, it is desired to provide, as hereinafter set forth in this Agreement, for the delivery by, or at the direction of, the Depositor of various series of municipal bonds, and for the delivery hereunder of various series of Custodial Receipts designated RA and RB, as applicable, representing an ownership interest in such municipal bonds; and

WHEREAS, each series of Custodial Receipts designated RA and RB respectively (e.g., Series RA-1 and RB-1), together represent a 100% ownership interest in a related series of such Bonds deposited under this Agreement; and

WHEREAS, each series of Custodial Receipts designated RA are Senior Custodial Receipts and also represents a right to receive payments in right and time prior to payments on each related series of Subordinate Custodial Receipts designated RB; and

WHEREAS, a separate custodial account designated by series number as shown on Exhibit C hereto is required to be created with respect to each series of Custodial Receipts, and the Custodian is required to hold in each separate custodial account all payments or other property received with respect to the related series of Custodial Receipts or the underlying series of Bonds; and

WHEREAS, it is desired to provide, as hereinafter set forth in this Agreement, for the delivery by the Depositor of additional municipal bonds for the purposes set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants expressed herein, it is hereby agreed by and between the parties hereto as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Agreement. All initially capitalized terms included in this Agreement and not specifically defined in this Agreement shall have the meanings therefor contained in the Reimbursement Agreement.

"Agreement" shall mean this Custody Agreement as the same may be amended or supplemented from time to time as provided herein.

"Authorized Denomination" shall mean, with respect to any Senior Custodial Receipt, $5,000 or any integral multiple of $5,000 in excess thereof, and with respect to any Subordinate Custodial Receipt, shall mean $5,000 or any amount in excess thereof, subject in each case to any necessary adjustments due to partial redemptions following the initial issuance thereof.

"Beneficial Owner" shall mean any person owning Custodial Receipts through a DTC Participant or through an indirect DTC Participant as such terms are used in the rules and regulations of DTC.

"Bond Interest Payment Dates" shall mean with respect to each series of Custodial Receipts, the Bond Interest Payment Dates specified in Exhibit C hereto, or, as applicable, specified in any Notice of Deposit delivered pursuant to Section 2.01 hereof.

"Bond Principal Payment Date" shall mean the Maturity Date and the date of any redemption, purchase in lieu of redemption or payment upon acceleration of the Bonds prior to the Maturity Date.

"Bond Rate" shall mean with respect to each series of Custodial Receipts the Bond Rate specified in Exhibit C hereto or, as applicable, specified in any Notice of Deposit delivered pursuant to Section 2.01 hereof.

"Bonds" shall mean with respect to each series of Senior Custodial Receipts or Subordinate Custodial Receipts, the Bonds or, as applicable, the certificates representing ownership interests therein, specified in Exhibit C hereto, or, as applicable, specified in any Notice of Deposit delivered pursuant to Section 2.01 hereof.

"Business Day" shall mean any day other than (a) a Saturday or a Sunday, (b) a day on which commercial banks in the City of New York, New York or the city in which the principal office of the Custodian is located are required or authorized by law or executive order to be closed or are otherwise closed to the public, or (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Custodial Receipt" shall mean each Senior Custodial Receipt and each Subordinate Custodial Receipt.

"Custodial Receipt Register" shall have the meaning given to such term in Section 2.03 hereof.

"Custodial Receipts Payment Date" shall mean each Business Day on which the Custodian holds amounts received by the Custodian with respect to principal or redemption price of or interest on the Bonds in immediately available funds.

"Custodian" shall have the meaning given to such term in the first paragraph hereof.

"Depositor" shall have the meaning given to such term in the first paragraph hereof.

"Designated Office" shall mean, with respect to the Custodian, an office maintained in accordance with Section 6.02(a) hereof, designated by the Custodian and located at North 20th Street, Suite 950 Birmingham, Alabama 38654.

"DTC" shall mean The Depository Trust Company (or other securities depository registered with the Securities and Exchange Commission designated by the Depositor), and its successor or successors, and its nominee or nominees.

"DTC Participant" shall mean a member of, or participant in, DTC as provided in the rules and regulations of DTC.

"Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation and its successors and assigns.

"Holder" shall mean a person in whose name a Custodial Receipt is registered in the Custodial Receipt Register.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended.

"Issuer" shall mean with respect to each series of Custodial Receipts the issuer specified in Exhibit C hereto or, as applicable, specified in any Notice of Deposit delivered pursuant to Section 2.01 hereof.

"Mail" shall mean first-class mail, postage prepaid, to each Holder of Custodial Receipts at the address shown in the Custodial Receipt Register.

"Maturity Date" shall have the meaning for each series of Bonds specified on Exhibit C or given pursuant to a Notice of Deposit (subject to earlier redemption or acceleration in accordance with the terms of such Bonds).

"Notice of Deposit" shall have the meaning given to such term in Section 2.01 hereof.

"Opinion of Counsel" shall mean an opinion in writing signed by any nationally recognized firm of attorneys acceptable to the Depositor and Freddie Mac, who may, but need not be, counsel to the Depositor.

"Record Date" shall mean, with respect to any Bond Interest Payment Date, the day preceding such Bond Interest Payment Date.

"Reimbursement Agreement" shall mean the Bond Exchange, Reimbursement, Pledge and Security Agreement, dated as of September 1, 2010, between Freddie Mac and the Depositor, as amended.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Senior Custodial Receipt" shall mean each receipt designated as a "Senior Custodial Receipt, Series RA" as designated in Exhibit C, or with respect to any additional series of senior custodial receipts, as designated in the Notice of Deposit delivered pursuant to Section 2.01 hereof, evidencing an ownership interest in a Bond or Bonds of the issue and maturity specified in the definition of "Bonds" in this Section 1.01, and the right to receive principal and interest payments with respect thereto on a senior basis.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Subordinate Custodial Receipt" shall mean each receipt designated as a "Subordinate Custodial Receipt, Series RB" as designated in Exhibit C, or with respect to any additional series of subordinate custodial receipts, as designated in the Notice of Deposit delivered pursuant to Section 2.01 hereof, evidencing an ownership interest in a Bond or Bonds of the issue and maturity specified in the definition of "Bonds" in this Section 1.01, and the right to receive principal and interest payments with respect thereto on a subordinate basis.

ARTICLE II
CUSTODY OF BONDS; DETAILS OF CUSTODIAL RECEIPTS

Section 2.01 Custody of Bonds; Execution and Delivery of Custodial Receipts.

(a) Concurrently with the execution and delivery hereof, the Depositor shall deposit with (or cause to be deposited with), if not already deposited with, and deliver to (or cause to be delivered to), if not already delivered to, the Custodian the Bonds in definitive form. Concurrently with such delivery, the Custodian, in accordance with the provisions of this Agreement, shall execute and deliver (i) the Senior Custodial Receipts to Freddie Mac or upon its written order and (ii) to the Depositor, the Subordinate Custodial Receipts, each in Authorized Denominations in the various series and having the terms designated on Exhibit C hereto, evidencing the aggregate outstanding principal amount of the Bonds so delivered to the Custodian and the right to receive principal, including redemption price, and premium, if any, and interest payments thereon pursuant to Section 5.03 hereof and as otherwise provided herein.

With the prior written consent of Freddie Mac, the Depositor may deliver one or more additional series of Bonds to the Custodian on any Business Day, upon delivery to the Custodian at least five Business Days prior to such Business Day of a written notice substantially in the form set forth in Exhibit D hereto (a "Notice of Deposit") setting forth the series designation for the Custodial Receipts to be executed and delivered on such Business Day and the Authorized Denomination, Bond Interest Payment Dates, Bond Rate, Bonds and Issuer with respect thereto.

(b) The Custodian shall accept each series of the Bonds as Custodian for the Holders of the related series of Custodial Receipts which shall be delivered hereunder to evidence ownership interests in such Bonds and the right to receive amounts thereon and shall hold the Bonds as provided hereunder. Each Custodial Receipt shall evidence the ownership by the Holder thereof, to the extent indicated thereby, of the Bonds delivered to the Custodian with respect to such series. If the Bonds as delivered by the Depositor are not DTC eligible securities, upon the request of the Holder of the Senior Custodial Receipts, the Custodian shall cooperate with the Issuer in taking all necessary steps to convert the definitive Bonds into DTC eligible securities. Thereafter, the Bonds shall be credited to an account of the Custodian with DTC.

(c) The Custodian shall hold the Bonds delivered to it pursuant to this Agreement in custody only, identified separate and apart from the general assets of the Custodian. The Custodian shall not have the authority to assign, transfer, pledge, setoff or otherwise dispose of the Bonds, or of any interests therein, except as provided hereunder or as required by law. The Custodian, by its execution and delivery hereof, acknowledges receipt in physical form of each series of Bonds listed in Exhibit C hereto, together with executed appropriate instruments of transfer from the Depositor to the Custodian with respect thereto.

A reasonable time prior to the delivery of Bonds to the Custodian, the Depositor shall furnish the Custodian with written instructions as to the name, address and taxpayer identification number in which the Custodial Receipts shall initially be registered, the denominations in which such Custodial Receipts shall initially be recorded, the persons and addresses of such persons in whose name such Custodial Receipts are to be delivered and such other information as may be requested by the Custodian in connection with the issuance of such Custodial Receipts. Each Custodial Receipt shall evidence the ownership by the Holder thereof, to the extent indicated thereby, of the Bonds delivered in definitive form to the Custodian.

Notwithstanding anything to the contrary contained herein, the rights and interests of the Holder of a series of Subordinate Custodial Receipts hereunder shall be subordinate in right of payment and in all other respects to the rights of the Holder of the same series of Senior Custodial Receipts. The Holder of a series of Senior Custodial Receipts shall exclusively hold and have all of the rights of the holder of the related Bonds with respect to any directions, notices, consents, exercise of remedies or other actions with respect to such Bonds. No remedy shall be available to Holders of Subordinate Custodial Receipts if the Subordinate Custodial Receipts are not timely paid; provided, however, any amounts not timely paid on the Subordinate Custodial Receipts (including accruals of interest) shall remain due until paid. The Depositor acknowledges and agrees (and each holder of Subordinate Custodial Receipts, by their acceptance thereof, shall be deemed to have acknowledged and agreed) to such subordination.

Section 2.02 Form of Custodial Receipts.

(a) Each Senior Custodial Receipt shall be substantially in the form set forth inExhibit A hereto and each Subordinate Custodial Receipt shall be substantially in the form set forth in Exhibit B hereto, in each case with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Agreement. All Custodial Receipts may have endorsed thereon such letters, numbers or other marks of identification and such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Custodial Receipts may be listed or any usage or requirement of law with respect thereto. The Depositor shall furnish the Custodian with all information necessary for the completion of any legend on the Custodial Receipts required by the federal income taxation or securities laws or regulations and for the completion of any forms determined by the Depositor to be required to be furnished to Holders or the Internal Revenue Service by such laws or regulations to the extent such information is obtainable at the time of original issuance of Custodial Receipts.

(b) Custodial Receipts shall be authenticated by the Custodian by the manual or facsimile signature of a duly authorized signatory of the Custodian. No Custodial Receipt shall be entitled to any benefits under this Agreement or be valid or obligatory for any purpose, unless it shall have been authenticated by the Custodian by the manual or facsimile signature of a duly authorized signatory. The Custodian shall record in the Custodial Receipt Register each Custodial Receipt so signed and delivered as herein provided.

Section 2.03 Registration and Registration of Transfer and Exchange of Custodial Receipts.

(a) The Custodian shall keep at its designated office in Birmingham, Alabama, a register (the "Custodial Receipt Register") in which, subject to such reasonable regulations as it may prescribe, the Custodian shall provide for the registration and the registration of transfers or exchanges of Custodial Receipts. Transfers of ownership of the Custodial Receipts shall be recorded by the Custodian in the Custodial Receipt Register.

(b) Subject to the provisions of Section 2.08 upon surrender for registration of transfer of any Custodial Receipt at the Custodian's Designated Office, the Custodian shall execute and deliver, in the name of the designated transferee or transferees, one or more new Custodial Receipts of any Authorized Denominations of the same series and seniority and of like aggregate principal amount, and evidencing, in the aggregate, the same beneficial ownership interest in the Bonds; provided, however, that the Subordinate Custodial Receipts may be transferred in whole but not in part and only with the prior written consent of Freddie Mac.

(c) At the option of the Holder, Senior Custodial Receipts may be exchanged for other Senior Custodial Receipts of any Authorized Denominations of same series and seniority and of like aggregate principal amount, and evidencing, in the aggregate, the same beneficial ownership interest in the Bonds, upon surrender of the Custodial Receipts to be exchanged to the Custodian's Designated Office. Subordinate Custodial Receipts may only be outstanding in a single certificate.

(d) Each Custodial Receipt and all ownership interests therein issued upon any registration of transfer or exchange of any Custodial Receipt shall evidence ownership, in accordance with the terms of such Custodial Receipt, of the related series of Bonds, the right to receive principal, including redemption price of, and premium, if any, and interest payments on such Bonds, but subject to the subordination of the related Subordinate Custodial Receipts to the related Senior Custodial Receipts as herein provided. Each Custodial Receipt of the same series and seniority shall be entitled to the same benefits under this Agreement as the ownership interests in such Custodial Receipts surrendered upon such registration of transfer or exchange.

(e) Every Custodial Receipt presented for registration of transfer or for exchange shall (if so required by the Custodian) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Custodian and duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing.

Section 2.04 Limitations on Execution and Delivery, Surrender, Registration of Transfer and Exchange of Custodial Receipts. As a condition precedent to the execution and delivery, surrender or registration of transfer or exchange of any Custodial Receipt, the Custodian may require payment, by the Holder requesting such action, of the then applicable service charge of the Custodian and of a sum sufficient for reimbursement of any tax or other governmental charge with respect thereto, may require the production of proof reasonably satisfactory to it as to the identity and genuineness of any signature and may also require compliance with such regulations, if any, as the Custodian may reasonably establish consistent with the provisions of this Agreement.

Section 2.05 Mutilated, Destroyed, Lost or Stolen Custodial Receipts. In case any Custodial Receipt shall be mutilated, the Custodian in its discretion may execute and deliver a Custodial Receipt of like form, tenor and seniority, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Custodial Receipt. In case any Custodial Receipt shall be destroyed, lost or stolen, the Custodian may execute and deliver a Custodial Receipt of like form, tenor and seniority, and in the same denomination and bearing a number not contemporaneously outstanding, in lieu of and in substitution for such destroyed, lost or stolen Custodial Receipt, only upon (i) the filing by the Holder thereof with the Custodian of evidence satisfactory to the Custodian of the destruction, loss or theft of such Custodial Receipt and of the authenticity of such Holder's ownership thereof, and (ii) the furnishing to the Custodian of reasonable security and/or indemnification satisfactory to it. All expenses and charges associated with such security and/or indemnity and with the preparation, execution and delivery of a new Custodial Receipt shall be borne by the Holder of the Custodial Receipt mutilated, destroyed, lost or stolen.

Section 2.06 Ownership of Custodial Receipts. The Custodian and the Depositor and any of their respective agents may treat the person in whose name any Custodial Receipt is registered on the Custodial Receipt Register, including, without limitation, DTC or its nominee, as the owner of such Custodial Receipt for the purpose of receiving distributions of principal and interest on or purchase price in respect of, such Custodial Receipt, and for all other purposes whatsoever, whether or not such Custodial Receipt is overdue, and, to the extent permitted by law, neither the Custodian, the Depositor nor any such agent shall be affected by notice to the contrary.

Section 2.07 Subsequent Establishment of Book-Entry Only System for Senior Custodial Receipts.

(a) Initially, the Custodial Receipts shall be delivered in the form of physical certificates, provided Freddie Mac as Holder of the Senior Custodial Receipts may direct that the Custodian establish a book-entry only system of registration for the Senior Custodial Receipts through the facilities of DTC, in which case, the Senior Custodial Receipts will be registered in the name of Cede & Co., as the nominee of DTC. (The Depositor shall be responsible for any costs in connection with the establishment of such book-entry only system for the Senior Custodial Receipts.) Transfers of beneficial ownership interests in the Senior Custodial Receipts which are registered in the name of Cede & Co. will be accomplished by book entries made by DTC and in turn by the DTC Participants who act on behalf of the Beneficial Owners of Senior Custodial Receipts. Notwithstanding the foregoing, each series of Subordinate Custodial Receipts may only be issued in physical certificated form and shall not be in the book-entry only system.

(b) At any time the Senior Custodial Receipts are registered in the name of DTC or its nominee to establish a book-entry system of registration, neither the Custodian, Freddie Mac, the Depositor, nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC or any DTC Participant with respect to any beneficial ownership interest in the Senior Custodial Receipts;

(ii) the delivery to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Senior Custodial Receipts;

(iii) the payment to any DTC Participant, any Beneficial Owner or any other person, other than DTC, of any amount distributable with respect to the Senior Custodial Receipts; or

(iv) the failure of DTC to effect any transfer.

(c) So long as the Senior Custodial Receipts are registered in the name of DTC or its nominee, the Custodian may treat DTC as, and deem DTC to be, the absolute owner of the Senior Custodial Receipts for all purposes whatsoever, including without limitation:

(i) the payment of distributions to Holders of the Senior Custodial Receipts;

(ii) giving notices of redemption, tender and other matters with respect to the Senior Custodial Receipts;

(iii) registering transfers with respect to the Senior Custodial Receipts; and

(iv) the selection of Senior Custodial Receipts for redemption or tender.

(d) If at any time following the establishment of a book-entry system for the Senior Custodial Receipts, DTC notifies the Custodian that it is unwilling or unable to continue as Securities Depository with respect to the Senior Custodial Receipts, or if at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by Freddie Mac as Holder of the Senior Custodial Receipts within ninety (90) days after it receives notice or becomes aware of such condition, as the case may be, or if the Freddie Mac as Holder of the Senior Custodial Receipts determines that it is in its best interest to obtain the Senior Custodial Receipts in certificated form, then the Custodian shall execute and deliver physical certificates representing the Senior Custodial Receipts in exchange for the global certificates which shall be registered in the name of Freddie Mac or upon its order.

Section 2.08 Limitations on Transfer.

(a) Neither the Custodial Receipts nor any interest therein may be transferred or resold (i) except as permitted under the Securities Act pursuant to registration or an exemption therefrom or (ii) to a transferee that is an employee benefit plan (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan as defined in Section 4975(e)(1) of the Code, or an entity whose underlying assets include the assets of any such plan by reason of a plan's investment in the entity, or otherwise or (iii) to a transferee that is not a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act. The Subordinate Custodial Receipts can only be held by a single Holder and can only be transferred with the consent of Freddie Mac.

(b) For the purpose of monitoring compliance with the foregoing restrictions, each transferee of a Custodial Receipt or a beneficial interest therein (other than Freddie Mac) shall deliver a completed and duly executed purchaser's letter to the Custodian in the form attached hereto as Exhibit E-1, or in the case of a trust which the Depositor has formed, Exhibit E-2 (each, a "Purchaser's Letter"). Any Purchaser's Letter shall be available for inspection by the Depositor during normal business hours. The Depositor and the Custodian may rely conclusively upon the information contained in any such Purchaser's Letter in the absence of actual knowledge to the contrary. In connection with any transfer, Custodian shall be provided with an unqualified Opinion of Counsel to the effect that such transfer may be effected without registration under the Securities Act or the registration requirements of any person under the Investment Company Act.

(c) All Custodial Receipts shall bear legends stating that they have not been registered under the Securities Act and are subject to the transfer requirements described in Section 2.08(a) and (b) hereof. By purchasing a Custodial Receipt or any interest therein, each purchaser shall be deemed to have agreed to these transfer requirements.

(d) The Custodial Receipts and related documentation including this Agreement may be amended or supplemented from time to time by the Depositor (with the prior written consent of Freddie Mac) to modify the restrictions on and procedures for resale and other transfers of the Custodial Receipts and interests therein to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resale or other transfer of restricted securities generally if the Depositor, the Custodian and Freddie Mac shall have received an Opinion of Counsel to the effect that such amendment or supplement is necessary or appropriate.

(e) In order to preserve the exemption for resales and transfers provided by Rule 144A under the Securities Act, the Depositor shall provide to any Holder of a Custodial Receipt and any prospective purchaser designated by such Holder, upon request of such Holder or such prospective purchaser, such information which is reasonably available to the Depositor and required by Rule 144A as will enable the resale of such Custodial Receipt to be made pursuant to Rule 144A. In addition (with the prior written consent of Freddie Mac, the Depositor may from time to time modify the foregoing restrictions on resale and other transfers (including the form of Purchaser's Letter), without the consent but upon notice to the Holders of the Custodial Receipts, in order to reflect any amendment to Rule 144A or change in the interpretation thereof or practices there under if the Depositor, Custodian and Freddie Mac shall have received an Opinion of Counsel to the effect that such amendment or supplement is necessary or appropriate.

Section 2.09 Surrender of Custodial Receipts and Withdrawal of Bonds. At any time a Holder may withdraw a series of Bonds from the custody of this Agreement by surrendering all of the related Senior Custodial Receipts and Subordinate Custodial Receipts, with the assignment fully completed, at the Designated Office (including where the Depositor is the Holder of a Senior Custodial Receipt due to a Release Event funded by the Sponsor pursuant to the Reimbursement Agreement). At the time of such surrender, the Custodian shall, without unreasonable delay, either deliver such Bonds, with all necessary endorsements, to such Holder or upon request of the Holder, the Custodian will register such Bonds in the name of such person; provided that the Custodian may require payment of a sum sufficient for reimbursement of any tax or other governmental charge with respect thereto. Upon delivery of such Bonds by the Custodian to such Holder, the Bonds shall cease to be entitled to the benefit of this Agreement and the Custodian shall have no further obligation to the Holder with respect thereto.

Section 2.10 Withdrawal of Bonds Due to Certain Events

(a) In addition to any other rights granted to Holders of Senior Custodial Receipts pursuant to this Agreement, in the event (i) a Senior Custodial Receipt ever receives less than a full payment on any related bond payment date, (ii) a separate Release Event not including a payment default has occurred with respect to a series of underlying Bonds and Freddie Mac as Holder of the related series of Senior Custodial Receipts has exercised its right to cause a Release Event of such Senior Custodial Receipt which Release Event is funded by Freddie Mac pursuant to the Reimbursement Agreement, or (iii) an "Event of Default" has occurred and is continuing under the Reimbursement Agreement, then the Custodian shall, upon written direction from Freddie Mac as holder of the applicable Senior Custodial Receipts, release and deliver all the related Bonds from the custody of this Agreement to Freddie Mac and shall assign (pursuant to such documentation requested by Freddie Mac) all of its rights, title and interests in such Bonds to Freddie Mac. Upon receipt of such Bonds pursuant to the foregoing, Freddie Mac shall have the right (in its sole discretion) to exercise any and all rights and remedies as the sole holder of such Bonds under the related Bond Documents and Bond Mortgage Documents, including, but not limited to, the right to foreclose on the related mortgage. Any proceeds resulting from Freddie Mac's exercise of its rights and remedies with respect to a series of Bonds pursuant to this Section 2.10(a) shall be used first to reimburse Freddie Mac in full for any unpaid amounts then owed Freddie Mac in connection with any such Bonds (including any costs or expenses of collection or enforcement associated with the taking of any such remedial actions) or otherwise owed in connection with any such Release Event or Event of Default under the Reimbursement Agreement. Any amounts remaining after Freddie Mac's reimbursement in accordance with the foregoing sentence shall be distributed by Freddie Mac to the Depositor.

(b) The Depositor acknowledges and agrees (and each holder (including holders of a beneficial interest) of Subordinate Custodial Receipts, by their acceptance thereof, shall be deemed to have acknowledged and agreed) that Freddie Mac shall have the right to direct the removal of Bonds from the custody of this Agreement pursuant to this Section 2.10. The Depositor hereby appoints (and each holder shall be deemed to have appointed) Freddie Mac as its attorney-in-fact, with full authority in the place and stead of the Depositor and in the name of the Depositor, from time to time in Freddie Mac's discretion, to take any action and to execute any instrument which Freddie Mac may reasonably deem necessary or advisable to accomplish the purposes of this Section 2.10. The power of attorney established pursuant to this Section 2.10 shall be deemed coupled with an interest and shall be irrevocable.

Section 2.11 Exchange of Villages at Lost Creek Custodial Receipts. In the event the Custodian receives from the Administrator or Freddie Mac the Senior Custodial Receipt designated RA-7-2 (the "RA-7-2 Senior Custodial Receipt") in connection with a Release Event directed by Freddie Mac in accordance with Section 3.24 of the Reimbursement Agreement, the Custodian shall promptly cancel and destroy the RA-7-2 Senior Custodial Receipt and shall simultaneously issue to the Depositor a new Subordinate Custodial Receipt to be designated RB-7-2 (the "RB-7-2 Subordinate Custodial Receipt") in substantially the form attached hereto as Exhibit B (which RB-7-2 Subordinate Receipt shall be in form satisfactory to Freddie Mac). The RB-7-2 Subordinate Receipt shall be issued in an original principal amount equal to the outstanding principal balance of the delivered RA-7-2 Senior Custodial Receipt and shall represent a subordinate ownership interest in the underlying Villages at Lost Creek Bonds subject in all respects to the terms of this Agreement, including those governing Subordinate Custodial Receipts.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations of the Depositor. The Depositor hereby represents to the Custodian and for the benefit of the Holders that:

(a) The Depositor has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of Delaware, with power and authority and all governmental licenses, authorizations, consents and approvals required to execute and deliver this Agreement, perform its obligations hereunder and perform the transactions contemplated herein.

(b) The execution, delivery and performance by the Depositor of this Agreement, the transfer of the Bonds by the Depositor to the Custodian, the consummation by the Depositor of the transactions herein contemplated, and the fulfillment of the terms of this Agreement are and will be within the legal power of the Depositor, have been duly authorized by the Depositor and do not and will not (i) violate or contravene any judgment, injunction, order or decree binding upon the Depositor, (ii) violate, contravene or constitute a default under any provision of the Depositor's organizational documents, (iii) conflict with, result in a breach, violation or acceleration of, or constitute a default under, the terms of any indenture or other agreement or instrument to which the Depositor is a party or by which it is bound or any statute or regulation applicable to the Depositor or (iv) result in the creation or imposition of any lien, charge or encumbrance upon any properties of the Depositor pursuant to the terms of any indenture, agreement or instrument.

(c) There is no action, suit or proceeding before or by any court or governmental agency or body now pending or, to the best knowledge of the Depositor, threatened against the Depositor which would have a material and adverse effect on the transactions contemplated hereby or the ability of the Depositor to perform its obligations hereunder.

(d) No consent, approval, authorization or order of, or filing with, any court or regulatory, supervisory or governmental agency or body is required to be obtained or made by the Depositor in connection with (i) the execution and delivery by the Depositor of this Agreement or (ii) the consummation by the Depositor of the transactions contemplated by this Agreement, including the transfer of the Bonds to the Custodian.

(e) This Agreement constitutes the legal, valid and binding obligation of the Depositor enforceable against the Depositor in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity.

(f) Immediately prior to transfer of the Bonds to the Custodian, (i) the Depositor will have been the sole owner of and held good and marketable title to the Bonds, free and clear of any claim, lien, mortgage, pledge, charge, security interest, counterclaim or other encumbrance, (ii) the Depositor has not sold, assigned or pledged any of its interest in the Bonds to any Person other than the Custodian and has not entered into any agreement to effect such a sale, assignment or pledge (other than this Agreement), and (iii) that upon such delivery, the Depositor releases all right, title and interest in and to such Bonds.

(g) The Depositor is solvent and no transfer of Bonds to the Custodian in the manner contemplated by this Agreement (i) will cause the Depositor to become insolvent or (ii) is intended by the Depositor to hinder, delay or defraud any of its creditors.

(h) The consideration (including the Subordinate Custodial Receipt) received by the Depositor and the considerations set forth in the Reimbursement Agreement in connection with each transfer of Bonds to the Custodian constitutes fair consideration and reasonably equivalent value for such transfer and the obligations of the Depositor under this Agreement.

(i) The consummation of the transactions contemplated by this Agreement (and each agreement executed and delivered by the Depositor in connection herewith) is in the ordinary course of business of the Depositor, and the transfer, assignment and conveyance of the Bonds by the Depositor to the Custodian pursuant to this Agreement are not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(j) The Depositor has provided notice to each applicable Owner (as defined in the Reimbursement Agreement) in a form satisfactory to Freddie Mac that the Bonds have been transferred to the Custodian in exchange for Senior Custodial Receipts and Subordinate Custodian Receipts.

Section 3.02 Representations and Warranties of the Custodian. The Custodian represents and warrants to the Depositor and for the benefit of the Holders that:

(a) The Custodian is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America with full power and authority and all governmental licenses, authorizations, consents and approvals required to carry on its trust business as now conducted and to execute and deliver this Agreement, perform its obligations hereunder and perform all transactions contemplated hereby.

(b) Other than as might occur by reason of its duties as Custodian under this Agreement, the Custodian is not "affiliated," as such term is defined in Rule 405 under the Securities Act, with the Depositor.

(c) The execution, delivery and performance by the Custodian of this Agreement, and the execution and delivery of the Custodial Receipts by the Custodian pursuant to this Agreement, are within the corporate power of the Custodian, have been duly authorized by all necessary corporate action on the part of the Custodian and do not and will not (i) violate or contravene any judgment, injunction, order or decree binding on the Custodian, (ii) violate, contravene or constitute a default under any provision of the organizational documents of the Custodian, (iii) violate, contravene or constitute a default under any agreement or instrument to which the Custodian is a party or by which it is bound or any statute or regulation applicable to the Custodian or (iv) result in the creation or imposition of any lien, charge or encumbrance attributable to the Custodian on the Bonds and not permitted by the transactions contemplated by this Agreement.

(d) No consent, approval, authorization or order of, or filing with, any court or regulatory, supervisory or governmental agency or body is required to be obtained or made by the Custodian in connection with (i) the execution, delivery and performance by the Custodian of this Agreement, (ii) the execution and delivery of the Custodial Receipts by the Custodian pursuant to this Agreement, or (iii) the consummation by the Custodian of the transactions contemplated hereby.

(e) This Agreement constitutes the legal, valid and binding obligation of the Custodian enforceable against the Custodian in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity.

Section 3.03 Assignment of Bonds.

(a) The Depositor conveys and transfers to the Custodian, without recourse, for the benefit of the Holders and Beneficial Owners of each applicable series of Custodial Receipts, all of its right, title and interest in, to and under the related Bonds and all related moneys and securities from time to time held by the Custodian hereunder, free and clear of all claims, liens, security interests and encumbrances.

(b) The Depositor hereby irrevocably assigns, conveys and transfers to Freddie Mac as Holder of the Senior Custodial Receipts, without recourse, all rights related to the Bonds underlying the Custodial Receipts that an owner or holder of a Bond underlying such Custodial Receipts may have under the related Bond documents to vote, to consent, to act or to direct the Bond trustee to act, including the power to direct remedial actions subsequent to an event of default on the Bonds.

ARTICLE IV
CERTAIN OBLIGATIONS OF HOLDERS OF CUSTODIAL RECEIPTS

Section 4.01 Filing Proofs, Certificates and Other Information. Any Holder presenting Custodial Receipts for payment or for registration of transfer or exchange may be required (a) to file proof of residence, its taxpayer identification number, or other information, (b) to execute such certificates, and (c) to make such representations and warranties, in each case as the Custodian may reasonably deem necessary or proper. The Custodian may withhold the delivery or delay the surrender, registration of transfer or exchange of any Custodial Receipt until such information is provided, such certificates are executed or such representations and warranties are made.

Section 4.02 Payment of Transfer Taxes or Other Governmental Charges. If any transfer tax or other governmental charge shall become payable by or on behalf of the Custodian, including any transfer tax or charge required to be withheld from any payment made to or by the Custodian under the provisions of any applicable law with respect to the Bonds or any Custodial Receipt, such transfer tax or governmental charge shall be payable by the Holders of the Custodial Receipts, and may be so withheld by the Custodian from any amount payable to such Holder hereunder. The surrender, registration of transfer or exchange of any Custodial Receipt may be refused until such payment is made.

ARTICLE V
PRINCIPAL AND INTEREST; REDEMPTION

Section 5.01 Application of Moneys on Payment Dates.

(a) On each Custodial Receipts Payment Date, the Custodian shall pay amounts received by the Custodian as principal or redemption price (as defined with respect to such Bonds) of and interest on the Bonds, from the Issuer thereof or any other entity obligated to make payments to such Issuer (or its trustee or other applicable fiduciary) with respect to the Bonds, to the Holders of the Custodial Receipts of the applicable series evidencing ownership of such Bonds. The foregoing notwithstanding, if amounts received by and on deposit with the Custodian with respect to any series of Bonds are insufficient on any Custodial Receipts Payment Date to make all payments then due and owing on the related series of the Senior Custodial Receipts, then the Custodian shall make no payment to the Holders of the related series of Subordinate Custodial Receipts from such amounts on deposit with the Custodian unless and until all amounts due to the Holders of such Senior Custodial Receipts on such Custodial Receipts Payment Date have been paid in full.

The Subordinate Custodial Receipts shall be and are hereby subordinated in priority and in right and time of payment to all amounts currently due and payable to the Holders of the Senior Custodial Receipts of the applicable series evidencing ownership of the same Bonds. Payment of a series of Subordinate Custodial Receipts shall be made by the Custodian only from excess moneys or assets not required to pay the same series of Senior Custodial Receipts, and no payment shall be due or payable on such Subordinate Custodial Receipts (and the Holders of the Subordinate Custodial Receipts, by acceptance of the Subordinate Custodial Receipts, expressly agree and acknowledge that no payment shall be due and payable on the Subordinate Custodial Receipts as described herein) (i) if the Custodian does not hold sufficient funds to make such payment or (ii) if any monies then due and payable in respect of the same series of Senior Custodial Receipts are unpaid, until such monies are paid in full.

The Holder of a series of Senior Custodial Receipts shall exclusively hold and have all of the rights of the holder of the related Bonds with respect to any directions, notices, consents, exercise of remedies or other actions with respect to such Bonds. No remedy shall be available to Holders of Subordinate Custodial Receipts if a default in payment of the Subordinate Custodial Receipts then exists; provided, however, any amounts not timely paid on the Subordinate Custodial Receipts shall remain due until paid.

(b) Each payment by the Custodian to a Holder as of the applicable Record Date of principal of and interest on Custodial Receipts shall be sent by the Custodian on each Custodial Receipts Payment Date by check Mailed to its address appearing on the Custodial Receipt Registrar on the applicable Record Date (or via electronic transfer in accordance with wiring instructions provided by such Holder), except that in the case of Freddie Mac or the Depositor, payment shall be made by wire transfer of immediately available funds to such entities pursuant to wire instructions provided thereby or as directed by Freddie Mac and the Depositor. Any such request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Custodian. Custodial Receipts shall be surrendered at the Designated Office of the Custodian upon termination of this Agreement following the final Custodial Receipts Payment Date. Surrender of Custodial Receipts shall not be a condition of payment thereof.

(c) Each Custodial Receipt surrendered to the Custodian for the payment thereof shall be promptly cancelled and destroyed by the Custodian and shall no longer be outstanding for any purchase under this Agreement.

Section 5.02 Segregation of Moneys. All moneys received from the Issuer or otherwise by the Custodian in respect of a series of Bonds shall be held by it (i) in trust for the benefit of the Holders of the related series of Custodial Receipts and (ii) uninvested without interest in separate accounts designated to match the related series of Custodial Receipts until required to be disbursed in accordance with the provisions of this Agreement or as otherwise required by law and such moneys will be segregated from the general assets of the Custodian and from any other money held by the Custodian by separate recordation on the books and records of the Custodian. In no event shall moneys received by the Custodian on account of a series of Bonds be applied or available for any purpose for any series of Custodial Receipts other than the series of Custodial Receipts related to such series of Bonds.

Section 5.03 Redemption.

(a) If all the outstanding Bonds underlying any series of Custodial Receipts are redeemed in full in accordance with the terms of the Bonds, the Custodian, in accordance with the provisions of this Section 5.03, shall redeem in full the related series of Custodial Receipts. Upon such redemption of any Custodial Receipt, the Holder will have no right (other than claw back rights under the United States Bankruptcy Code) to receive payments after the Redemption Date, except to receive amounts payable under Section 5.01 hereof (the "Redemption Price"). Any mandatory tender of or purchase in lieu of redemption of the Bonds pursuant to the constituent bond (and, as applicable, trust) documents shall be treated by the Custodian in the same manner as a redemption of the Bonds in full. Upon any mandatory tender of or purchase in lieu of redemption of the Bonds the Custodian shall deliver such Bonds to the trustee therefor upon payment therefor.

(b) In the event of a partial redemption of the Bonds underlying any series of Custodial Receipts, the related series of Senior Custodial Receipts and Subordinate Custodial Receipts shall be redeemed on a pro rata basis, except in the event of any shortfall in payment of the scheduled principal due with respect to such series of Bonds in connection with any such partial redemption, the related Senior Custodial Receipts shall be redeemed prior to any use of such redemption payment to pay principal of the related Subordinate Custodial Receipts. In the case of a partial redemption, to the extent practical, the Custodian shall redeem Custodial Receipts so that not more than one is other than an Authorized Denomination.

(c) Notice of redemption of Custodial Receipts shall be given by the Custodian by mail to each Holder of any Custodial Receipt to be redeemed within five (5) days after notice of redemption of the underlying Bonds has been received by the Custodian. All notices of redemption shall state the date fixed for redemption of the Custodial Receipts, the place at which Custodial Receipts are to be surrendered for payment, whether the payment upon redemption includes any redemption premium and the amount thereof, that interest on amounts of Custodial Receipts redeemed will cease to accrue from and after the Redemption Date and, if less than the full principal amount of a Holder's Custodial Receipt is to be redeemed, the principal amounts of the Custodial Receipt to be redeemed, and that upon surrender of such Custodial Receipt for payment the Custodian shall deliver to, or upon written order of, such Holder a new Custodial Receipt, evidencing the amount not redeemed in Authorized Denominations (subject to Section 5.01(b) hereof with respect to payments by wire transfer).

ARTICLE VI
THE CUSTODIAN AND THE DEPOSITOR

Section 6.01 No Liability of the Custodian and the Depositor on the Bonds.

(a) The sole obligor with respect to any Bonds is the Issuer thereof or any other entity obligated to make payments to the Issuer thereof (or its trustee or other applicable fiduciary) with respect to the Bond. Neither the Custodian nor the Depositor shall have any obligation on or with respect to the Bonds (other than the obligation of the Custodian to receive and pass through payments received in respect of the Bonds and except as set forth in Section 7.03 with respect to voting and other actions). The obligations of the Depositor and the Custodian with respect to Custodial Receipts shall be solely as set forth in this Agreement and as provided by applicable law, and neither the Depositor nor the Custodian shall have any obligation to make any payment on or in respect of the Custodial Receipts (other than the Custodian's aforesaid obligation to receive and pass through payments thereon). The Custodian shall be responsible for performing such duties and only such duties as are specifically set forth in this Agreement and no implied covenants, duties or obligations (whether of a fiduciary nature or otherwise) shall be read into this Agreement or implied in law or equity against the Custodian.

(b) Neither the Custodian nor the Depositor is authorized to proceed against the Issuer in the event of a default or to assert the rights and privileges of Holders of Custodial Receipts and neither has any duty to do so, except that the Custodian upon being furnished indemnity reasonably satisfactory to it, subject to the terms of this Agreement, at the request of any Holder of a Custodial Receipt (but at the expense and risk of the Holder), shall take such action as it is directed to take by such Holder, in its capacity as Custodian and as the registered owner or nominal holder and custodian of the Bond to which the Custodial Receipt relates, including to proceed directly and individually against the Issuer of the Bonds or any other entity obligated to make payments to the Issuer thereof (or its trustee or other applicable fiduciary) with respect to the Bonds. The foregoing shall not impair any rights a Holder (including Freddie Mac), or the Depositor may have to take such actions directly if any such parties subsequently become the holder of Bonds.

(c) Neither the Custodian nor the Depositor shall be under any obligation whatsoever to appear in, prosecute or defend any action, suit or other proceeding in respect of the Bonds or the Custodial Receipts, except as specifically provided herein.

Section 6.02 Maintenance of Offices and Agencies by the Custodian. Until termination of this Agreement in accordance with its terms, the Custodian shall maintain (a) facilities in Birmingham, Alabama, for the execution and delivery, payment, surrender and registration of transfer and exchange of Custodial Receipts, all in accordance with the provisions of this Agreement, and (b) such other agents, if any, according to the terms and conditions as to which the Custodian and the Depositor, with the consent of the Holder of the Senior Custodial Receipts, may agree from time to time.

Section 6.03 Prevention or Delay in Performance by the Custodian or the Depositor Neither the Custodian nor the Depositor shall incur any liability to any Holder of any Custodial Receipt, if by reason of any provision of any present or future law, or regulation thereunder, any decree, order or act or refusal to act of any governmental authority, or by any reason of any act of God or war or other circumstance beyond the control of the relevant party, the Custodian or the Depositor shall be prevented or forbidden from doing or performing any act or thing which the terms of this Agreement provide shall be done or performed; and neither the Custodian nor the Depositor shall incur any liability to any Holder of a Custodial Receipt by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which the terms of this Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Agreement.

Section 6.04 Obligations of the Custodian.

(a) The Custodian assumes no obligation nor shall be subject to any liability under this Agreement to Holders of Custodial Receipts, other than by reason of willful misconduct, bad faith or gross negligence in the performance of such duties as are specifically set forth in this Agreement. No provision of this Agreement shall require the Custodian to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(b) The Custodian shall not be liable to any Holder of any Custodial Receipt for any action or non-action by it in reliance upon the advice of or information from legal counsel or accountants. The Custodian may conclusively rely and shall be fully protected in acting upon any written notice, request, direction or other document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(c) Except for the authority and authenticity of any signatures of signatories of the Custodian appearing on the Custodial Receipts, the Custodian makes no representations as to the validity or sufficiency of the Custodial Receipts, as to the validity, sufficiency, worth or tax exempt status of the Bonds.

(d) The Custodian may consult with counsel of its selection and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reasonable reliance thereon.

(e) The Custodian may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

Section 6.05 Resignation and Removal of the Custodian; Appointment of Successor Custodian.

(a) The Custodian may at any time resign as Custodian hereunder by written notice of its election to do so, delivered to the Depositor and Freddie Mac, and such resignation shall take effect upon the appointment of a successor Custodian and its acceptance of such appointment as hereinafter provided; provided, however, that, in the event of such resignation, the Custodian shall reimburse the Depositor for any fees or charges previously paid to the Custodian in respect of duties not yet performed under this Agreement which remain to be performed by a successor Custodian.

(b) The Depositor may, with the prior written consent of Freddie Mac, at any time remove the Custodian with or without cause as Custodian hereunder by written notice of its election to do so, delivered to the Custodian as provided in Section 9.01 hereof, and such removal shall take effect upon the appointment of a successor Custodian by the Depositor and its acceptance of such appointment as provided in the succeeding paragraphs. No successor Custodian shall be appointed hereunder without the prior written consent of Freddie Mac, and if an “Event of Default” is existing under the Reimbursement Agreement, Freddie Mac shall have the sole right to remove and appoint a Custodian under this Agreement.

(c) In case at any time the Custodian acting hereunder notifies the Depositor and Freddie Mac that it elects to resign or is incapable of acting hereunder or the Depositor notifies the Custodian and Freddie Mac that it elects to remove the Custodian as Custodian, the Depositor with the consent of Freddie Mac shall, within ninety (90) days after the delivery of the notice of resignation or removal, appoint a successor Custodian, which shall be a bank with trust powers or trust company having its principal office in the United States of America and having a combined capital and surplus of at least $100,000,000 or whose obligations hereunder are guaranteed by a person whose capital and surplus or net worth is at least that amount. If no successor Custodian has been appointed as successor Custodian within ninety (90) days after the Custodian has give written notice of its election to resign or the Depositor has given written notice to the Custodian of its election to remove the Custodian, as the case may be, the Custodian may petition any court of competent jurisdiction for the appointment of a successor Custodian. Every successor Custodian shall execute and deliver to its predecessor and to the Depositor an instrument in writing accepting its appointment hereunder and shall notify the Depositor and Freddie Mac of its Designated Office, and thereupon such successor Custodian, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor and for all purposes shall be the Custodian under this Agreement, and such predecessor, upon payment of all sums due it and on the written request of the Depositor, shall execute and deliver an instrument transferring to such successor all rights, obligations and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Bonds and parts thereof to such successor Custodian. Any successor Custodian shall promptly give notice of its appointment to the Holders of Custodial Receipts for which it is successor Custodian as provided in Section 9.01 hereof.

(d) Any corporation into or with which the Custodian may be merged, consolidated or converted or to which it shall transfer all or substantially all of its corporate trust business shall be the successor of such Custodian without the execution or filing of any document or any further act; provided such successor is a bank with trust powers or trust company having its principal office in the United States of America that satisfies the financial criteria for a successor custodian set forth in Section 6.05(c) hereof..

Section 6.06 Fees; Costs and Expenses. The Custodian hereby acknowledges that it has made arrangements satisfactory to it with affiliate(s) of the Depositor for payment of its fees, costs and expenses for serving as Custodian hereunder, as well as for any other costs or expenses owed by the Depositor hereunder. The Custodian further acknowledges that it has no lien or any right of set-off against any Bonds held hereunder (or payments received thereon) with respect to the payment of such costs, fees and expenses.

Section 6.07 Obligations of the Custodian. The Custodian shall designate to the Depositor its Designated Office, if different from the address set forth in this Agreement, by a written instrument delivered to the Depositor and shall make such arrangements as are necessary to:

(a) provide for registration of transfer of Custodial Receipts pursuant to the terms of this Agreement;

(b) keep such books and records as shall be consistent with this Agreement and with prudent corporate trust practice; and

(c) subject to Section 7.02 hereof, give such notices to Holders, including, but not limited to any notice communicated by any obligor, paying agent or trustee for the Bonds, and to perform such duties of the Custodian as are specifically set forth herein with respect to Custodial Receipts.

(d) provide a monthly report to Freddie Mac, Director of Multifamily Loan Accounting, on or prior to 10th day of each month listing the following:

(i) unpaid principal balance of each series of Senior Custodial Receipts and Subordinate Custodial Receipts and the underlying Bonds;

(ii) principal balance of cash held in accounts related to each series of Senior Custodial Receipts and Subordinate Custodial Receipts.

The Custodian may fulfill its obligations under subsection (d) by providing Freddie Mac electronic access to the electronic files and accounts related to each series of Subordinate Custodial Receipts.

ARTICLE VII
VOTING AND COMMUNICATION WITH HOLDERS

Section 7.01 Voting and Consents. In the event of any action requiring the vote, consent, direction, approval or other involvement of the registered owners of any Bonds, the Custodian shall deliver to Freddie Mac as Holder of the Senior Custodial Receipts its proxy or request for direction with respect to such action, returnable to the Custodian, who shall act solely in accordance with the proxy or direction received from Freddie Mac (provided Freddie Mac may delegate its response to such proxy or request to its Servicer by written notice provided to the Custodian).

Section 7.02 Reports and Notices from Custodian to Holders.

(a) The Custodian shall promptly forward copies of any and all notices, reports and information received by the Custodian as a registered owner of the Bonds to the Depositor and Freddie Mac. The Custodian shall take reasonable steps to request that copies of any and all such notices, reports and information obtained by the trustee for the Bonds with respect to the obligor on the Bonds and the project financed thereby be forwarded to the Custodian as such registered owner of the Bonds.

(b) The Custodian shall also furnish upon request of the Depositor or Freddie Mac, a list of the names, addresses and such other matters contained in the Custodial Receipt Register as the Depositor or Freddie Mac may request. The Depositor or Freddie Mac, as appropriate, shall pay to the Custodian any reasonable or customary charge for the furnishing of the requested information.

(c) The Custodian shall give notice to Freddie Mac of each of the following events, at least fifteen (15) days prior to the effective date of such event (provided that, if the Custodian itself receives less than fifteen (15) days prior notice of the effectiveness of such event, no later than the Business Day following receipt by the Custodian of notice thereof): (i) any amendment, modification or adjustment of this Agreement or (ii) any assignment of this Agreement to a successor Depositor pursuant to Section 9.10.

Section 7.03 Voting and Other Actions of Bonds.

(a) In the event that the Custodian receives a timely written request from an obligor, trustee or servicer in respect of the Bonds for its consent to any amendment, modification, waiver or other action modifying any Bonds or any document relating thereto, or receives any other written solicitation for any action with respect to any Bonds, or in the event the Custodian, as registered owner of the Bonds, is entitled to direct certain actions under the Bonds or the documents relating thereto, the Custodian shall provide notice of such proposed direction, amendment, modification, waiver or solicitation to Freddie Mac as Holder of the Senior Custodial Receipts and the Depositor within two (2) Business Days following receipt thereof (all such notices shall be given by email at the addresses shown in Section 9.01 promptly followed by overnight delivery of the same). The Custodian shall request instructions from Freddie Mac as Holder of the Senior Custodial Receipts as to whether or not to give such direction or to consent to or vote to accept such amendment, modification, waiver or solicitation. The Custodian shall consent or vote, or refrain from consenting or voting, in accordance with the instructions given, or not given, by Freddie Mac as Holder of the Senior Custodial Receipts (provided Freddie Mac may delegate the giving of such instructions to its Servicer by written notice to the Custodian and the Depositor).

(b) Except as set forth in Section 7.03(a), the Custodian shall not take any action as the nominal holder or owner of any of the Bonds, either alone or as part of a group of holders or owners of such Bonds, except in accordance with the affirmative written direction of Freddie Mac as Holder of the Senior Custodial Receipts.

(c) The Custodian shall have no liability for any failure to act resulting from the late return of, or failure to return, any such request for instruction sent by the Custodian to Freddie Mac as Holder of the Senior Custodial Receipts.

(d) Upon receipt of notice of any default on the Bonds from any obligor, trustee or servicer for the Bonds, the Custodian shall promptly give notice of such default to Freddie Mac as Holder of the Senior Custodial Receipts and to the Depositor. Such notice shall set forth (i) the date and nature of such default, (ii) the amount of principal and the amount of interest to which such default relates or if such default is a nonpayment default, the nature of such default, and (iii) any other information which the Custodian deems appropriate. The Custodian shall not be deemed to have notice of any such default unless the Custodian has actual knowledge thereof or unless written notice of such a default is received by the Custodian.

(e) If any action to be taken by the trustee for the Bonds in connection with a default on the Bonds, including, without limitation, the determination to accelerate the Bonds, requires the vote, consent or other direction from the owners of such Bonds, the Custodian shall so vote, consent or otherwise direct solely as directed in writing by Freddie Mac as Holder of the Senior Custodial Receipts as provided in Section 7.03(a).

ARTICLE VIII
AMENDMENT AND TERMINATION

Section 8.01 Amendment. The form of the Custodial Receipts and any provisions of this Agreement may at any time and from time to time be amended by agreement between the Depositor and the Custodian but only with the prior written consent of Freddie Mac, in any respect which the Custodian and the Depositor may deem necessary or desirable; provided that (i) the Custodian shall give notice to the Holders of any such amendment prior to the effectiveness of such amendment, in accordance with Section 7.02(c) hereof, (ii) the Custodian shall have received an opinion of nationally recognized bond or tax counsel to the effect that the proposed amendment will not adversely affect the federal tax opinion delivered in respect of the Custodial Receipts on the date of issuance thereof; and (iii) in no event, without the consent of the Holders of all affected Custodial Receipts shall any such amendment adversely affect the rights of the Holder of any Custodial Receipt to receive a pass-through of timely payments of principal and redemption price (including premium, if any) of and interest on the related series of Bonds or otherwise materially prejudice any substantial existing right of any such Holder.

Section 8.02 Termination.

(a) This Agreement shall terminate on the date on which no Custodial Receipts remain outstanding hereunder.

(b) If, upon termination hereof, funds for payment have been made available in accordance herewith and any Custodial Receipts have not been surrendered (when and if required hereunder) for payment following any Custodial Receipts Payment Date, this Agreement shall nonetheless terminate and the Custodian shall not perform any further acts under this Agreement in respect of such Custodial Receipts, except that the Custodian shall hold the funds available for such payment, without liability for interest, for first, the pro rata benefit of the Holders of any series of Senior Custodial Receipts which have not theretofore been surrendered for payment and second, the pro rata benefit of the Holders of the related series of Subordinate Custodial Receipts which have not theretofore been surrendered for payment, unless otherwise required by applicable law.

(c) Upon the termination of this Agreement, the Depositor shall be discharged from all obligations under this Agreement except for its obligations to the Custodian under Section 6.06 and 6.07 hereof.

ARTICLE IX
MISCELLANEOUS

Section 9.01 Notices.

(a) Any and all notices to be given shall be deemed to have been duly given if personally delivered or sent by mail or telecopy confirmed by letter addressed as follows:

if to the Depositor: ATAX TEBS I, LLC
1004 Farnam Street, Suite 400
Omaha, Ne 68102
Attention: Chad L. Daffer
Facsimile: (402) 930-3047
Telephone: (402) 930-3085

With a copy to:
Thomas Mcleay, Esq., General Counsel
1004 Farnam Street, Suite 400
Omaha, Nebraska 68102
Attention: Chad L. Daffer
Phone: 402.930.3085
Fax: 402.930.3047

with a copy to:
Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Patricia A. Burdyny
Facsimile: (402) 346-1148
Telephone: (402) 346-6000

if to the Custodian: The Bank of New York Mellon Trust Company, N.A.
North 20th Street, Suite 950
Birmingham, Alabama 35203
Attention: Carmen Kilgore
Telephone: (205) 214-0229
Facsimile: (205) 328-3986
E-mail: Carmen.kilgore@bnymellon.com

if to Freddie Mac: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
McLean, VA 22102
Attention: Loan Servicing Director, Mail Stop B4Q
Facsimile: (703) 714-3273
Telephone: (703) 714-2000

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, VA 22102
Attention: Associate General Counsel
Multifamily Legal Department, Mail Stop 204
Facsimile: (703) 903-2885
Telephone: (703) 903-2000

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

or, in each case, to such other place as such person may have designated in writing to the other parties.

(b) Except as otherwise provided herein, all notices to be given to any Holder shall be deemed to have been duly given, whether or not received, if given by first-class mail, postage prepaid, to each Holder at such Holder's address as it appears in the Custodial Receipt Register. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Section 9.02 Payment on Non-Business Days. Notwithstanding any other provision herein, in any case where a Custodial Receipts Payment Date is not a Business Day, payment of the Custodial Receipts need not be made on such date but shall be made on the next succeeding Business Day with the same force and effect as if made on the date scheduled for payment and no additional interest shall accrue on the Custodial Receipt as a result of such later payment.

Section 9.03 Severability. Any provision of this Agreement or the Custodial Receipts that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without invalidating the remaining provisions hereof or thereof or affecting the validity, unenforceability or legality of such provision in any other jurisdiction.

Section 9.04 Counterparts. This Agreement may be executed by the parties hereto in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Copies of this Agreement shall be filed with the Custodian and shall be open to inspection during business hours at the Custodian's Designated Office by any Holder of a Custodial Receipt.

Section 9.05 Exclusive Benefit of Parties and Holders of Custodial Receipts; Effective Date. This Agreement is for the exclusive benefit of the parties hereto and their respective successors hereunder; Freddie Mac and the Holders or Beneficial Owners of the Custodial Receipts shall be express third party beneficiaries hereof. Except as described in the preceding sentence, this Agreement shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever. The Holders or Beneficial Owners from time to time shall be beneficiaries of this Agreement and shall be bound by all the terms and conditions hereof and of the Custodial Receipts by acceptance of delivery thereof. This Agreement shall become effective upon its execution and delivery by the parties hereto, and upon the receipt by the Custodian of the Bonds deposited concurrently therewith.

Section 9.06 Rights of Holders or Beneficial Owner. The parties hereto agree that the Custodian is acting on behalf of the Holders or Beneficial Owners of the Custodial Receipts and that such Holders or Beneficial Owners retain beneficial interests in the rights and obligations created hereby. Accordingly, in the event that (i) any party hereunder defaults in the performance of any action required on its part to be taken hereunder and such default materially adversely affects any Holder or Beneficial Owner of a Custodial Receipt, and (ii) such Holder or Beneficial Owner notifies such party of such default and such party shall thereafter fail or refuse to take such action or remedy such default, then such Holder or Beneficial Owner may individually proceed to take any action with respect to such defaulting party as it deems necessary to compel compliance with the provisions hereof.

Section 9.07 Governing Law. This Agreement and the Custodial Receipts shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles.

Section 9.08 Headings. The headings of articles and sections in this Agreement and in the form of the Custodial Receipts set forth in Exhibit A and Exhibit B hereto have been inserted for convenience only and are not to be regarded as a part of this Agreement or to have any bearing upon the meaning or interpretation of any provision contained herein or in the Custodial Receipts.

Section 9.09 Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE CUSTODIAL RECEIPTS OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 9.10 Tax Election. Each Holder of Custodial Receipts acknowledges and agrees that, for federal, state and local income tax purposes, each related series of Senior Custodial Receipts and the corresponding series of Subordinate Custodial Receipts, and the custodial arrangement applicable thereto as provided herein, will be treated as a separate partnership in which such Holder is a partner. Each Holder of Custodial Receipts authorizes the Sponsor, the Custodian and Freddie Mac to take the necessary steps to make a "monthly closing election" on behalf of each such partnership in accordance with IRS Revenue Procedure 2003-84, in which case each Holder of Custodial Receipts will be deemed to have consented to such election. No Person is authorized to elect to have any series of Senior Custodial Receipts and the corresponding series of Subordinate Custodial Receipts, and the custodial arrangement applicable thereto as provided herein, classified as a corporation (or association) for federal or any applicable state or local income tax purposes.

Section 9.11 Successor Depositor. Subject to the prior consent of the Custodian and Freddie Mac, such consent not to be unreasonably withheld, the Depositor may assign its rights and obligations under this Agreement to a successor depositor.

Section 9.12 Rights of Freddie Mac Following Transfer. Notwithstanding any other provision of this Agreement, at any time following Freddie Mac's transfer of ownership of any series of Senior Custodial Receipts, all of its rights and benefits as Holder thereof as indicated herein with respect to the series of related Bonds (including but not limited to all rights to give directions, give or receive notices or consents, direct or vote or otherwise control the exercise the remedies upon a bond default or take any other action with respect to such series of Bonds) shall terminate (other than its rights to receive any payment due with respect to such series of Senior Custodial Receipts prior to such transfer), and thereafter all such rights and benefits shall vest in the transferee of such series of Senior Custodial Receipts, as the new Holder thereof (or in the case of multiple transferees, in the Holder of the majority principal amount of such series of Senior Custodial Receipts).

Section 9.13 Force Majeure. In no event shall the Custodian be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Custodian shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

IN WITNESS WHEREOF, the parties hereto have caused this Custody Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

ATAX TEBS I, LLC, a Delaware limited liability company

By: AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership, Member

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

(Signature Page to Custody Agreement)

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

By: __/s/ Carmen Kilgore
Carmen Kilgore
Vice President

EXHIBIT A

FORM OF SENIOR CUSTODIAL RECEIPT

THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT NOR ANY INTEREST THEREIN MAY BE TRANSFERRED OR RESOLD (A) EXCEPT AS PERMITTED UNDER THE SECURITIES ACT PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM, OR (B) TO A TRANSFEREE THAT IS AN EMPLOYEE BENEFIT PLAN (WITHIN THE MEANING OF SECTION 3(3) OF ERISA) THAT IS SUBJECT TO TITLE I OF ERISA, A PLAN AS DEFINED IN SECTION 4975(E)(1) OF THE CODE, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY, OR OTHERWISE OR (C) TO A TRANSFEREE THAT IS NOT A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT. THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE CUSTODY AGREEMENT (AS DEFINED BELOW).

FOR PAYMENTS DUE WITH RESPECT TO
THE BONDS INDICATED BELOW
SENIOR CUSTODIAL RECEIPT, SERIES RA-[]

relating to:

$[_____]
[NAME OF ISSUER]
[NAME OF BONDS]

NUMBER: CR-_____ PRINCIPAL AMOUNT:$_____

CUSTODIAL RECEIPT CUSIP NO.:_____BOND CUSIP NO.:_____

BOND RATE: %_____ BOND MATURITY:_____

BOND INTEREST PAYMENT DATES:_____

REGISTERED OWNER:_____

The Registered Owner or registered assigns, is the owner of this Senior Custodial Receipt (the "Senior Custodial Receipt") evidencing beneficial ownership interest in the above-referenced portion of the principal of the above-named municipal obligations (the "Bonds"), together with the interest payments thereon accruing from and including September 1, 2010 at the Bond Rate, on the indicated payment dates, and subject to certain rights as set forth below. The Bonds are being held by The Bank of New York Mellon Trust Company, N.A., as custodian (together with any successor custodian and their respective successors and assigns, the "Custodian") pursuant to the terms of a Custody Agreement, dated as of September 1, 2010 (as amended, modified or supplemented from time to time, the "Custody Agreement"), between ATAX TEBS I, LLC (the "Depositor"), and the Custodian. This Senior Custodial Receipt is subject to the provisions of and is entitled to the benefits of the Custody Agreement, including certain rights of the Depositor and Freddie Mac set forth therein, a copy of which is available for inspection by the Holder hereof at the designated corporate trust office of the Custodian in Birmingham, Alabama. A Subordinate Custodial Receipt, Series RB-[__], representing an interest in a portion of the interest on and a principal amount of the Bonds and certain other rights, has also been issued under the Custody Agreement. The Senior Custodial Receipt and the rights of the Holders hereof are senior to the rights of the Holders of the Subordinate Custodial Receipts, subject in all respects to the terms of the Custody Agreement (including, without limitation, the right of the Holder to receive and retain payments under the Subordinate Custodial Receipts so long as the Senior Custodial Receipts are being paid currently).

The Bonds evidenced by this Senior Custodial Receipt shall be held in custody by the Custodian. Principal and interest payments on such Bonds are payable to the Holder in the manner set forth in the Custody Agreement.

As provided in the Custody Agreement and subject to certain limitations therein set forth, the transfer of this Senior Custodial Receipt is registrable in the Senior Custodial Receipt Register, upon surrender of this Senior Custodial Receipt for registration of transfer at the designated office of the Custodian in Birmingham, Alabama, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Custodian duly executed by the Holder or such Holder's attorney duly authorized in writing, together with cash in the amount required by the Custody Agreement, and thereupon one or more new Senior Custodial Receipts of the Authorized Denominations and evidencing the same aggregate principal amount of the Bonds will be issued to the designated transferee or transferees.

As provided in the Custody Agreement and subject to certain limitations therein set forth, Senior Custodial Receipts are exchangeable for Senior Custodial Receipts of a like aggregate principal amount of the Senior Custodial Receipts of a different Authorized Denomination, as requested by the Holder surrendering the same.

For any such registration of transfer or exchange, the Custodian may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Senior Custodial Receipt for registration of transfer, the Custodian and any agent of the Custodian may treat the person in whose name this Senior Custodial Receipt is registered as the owner hereof for all purposes, whether or not this Senior Custodial Receipt is overdue, and neither the Custodian nor any such agent shall be affected by notice to the contrary.

In the event of any conflict between the terms of this Custodial Receipt and the terms of the Custody Agreement, the terms of the Custody Agreement shall control.

This Senior Custodial Receipt shall not be valid or become obligatory for any purpose unless and until duly executed by manual signature.

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

By:
Authorized Signatory

Date Issued: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto
(Name, Address and Taxpayer Identification Number of Assignee)

all its right, title and interest in and to the within Custodial Receipt and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Custodial Receipt on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____

Signature(s) Guaranteed:

_____

Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Custodian, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Custodian in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature:

_____

Notice: The signature on this assignment must correspond with the name as written upon the face of this Custodial Receipt in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF SUBORDINATE CUSTODIAL RECEIPT

THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT NOR ANY INTEREST THEREIN MAY BE TRANSFERRED OR RESOLD (A) EXCEPT AS PERMITTED UNDER THE SECURITIES ACT PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM, OR (B) TO A TRANSFEREE THAT IS AN EMPLOYEE BENEFIT PLAN (WITHIN THE MEANING OF SECTION 3(3) OF ERISA) THAT IS SUBJECT TO TITLE I OF ERISA, A PLAN AS DEFINED IN SECTION 4975(E)(1) OF THE CODE, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY, OR OTHERWISE OR (C) TO A TRANSFEREE THAT IS NOT A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT. THE SECURITIES REPRESENTED BY THIS CUSTODIAL RECEIPT ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE CUSTODY AGREEMENT (AS DEFINED BELOW).

THIS SUBORDINATE CUSTODIAL RECEIPT AND THE RIGHTS OF THE HOLDERS HEREOF ARE SUBORDINATE IN ALL RESPECTS TO THE RIGHTS OF THE HOLDERS OF THE SENIOR CUSTODIAL RECEIPTS, SUBJECT IN ALL RESPECTS TO THE TERMS OF THE CUSTODY AGREEMENT.

FOR PAYMENTS DUE WITH RESPECT TO
THE BONDS INDICATED BELOW

SUBORDINATE CUSTODIAL RECEIPT, SERIES RB-[]

relating to:

$[_____]
[NAME OF ISSUER]
[NAME OF BONDS]

NUMBER: CR-_____ PRINCIPAL AMOUNT:$_____

CUSTODIAL RECEIPT CUSIP NO.:_____BOND CUSIP NO.:_____

BOND RATE: %_____ BOND MATURITY:_____

BOND INTEREST PAYMENT DATES: _____

REGISTERED OWNER: _____

THE REGISTERED OWNER OR REGISTERED ASSIGNS, IS THE OWNER OF THIS SUBORDINATE CUSTODIAL RECEIPT (THE "SUBORDINATE CUSTODIAL RECEIPT") EVIDENCING A SUBORDINATE BENEFICIAL OWNERSHIP INTEREST IN THE ABOVE-REFERENCED PORTION OF THE PRINCIPAL OF THE ABOVE-NAMED MUNICIPAL OBLIGATIONS (THE "BONDS"), TOGETHER WITH THE INTEREST PAYMENTS THEREON ACCRUING FROM AND INCLUDING SEPTEMBER 1, 2010 AT THE BOND RATE, ON THE INDICATED PAYMENT DATES, AND SUBJECT TO CERTAIN RIGHTS AS SET FORTH BELOW. THE BONDS ARE BEING HELD BY THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS CUSTODIAN (TOGETHER WITH ANY SUCCESSOR CUSTODIAN AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, THE "CUSTODIAN") PURSUANT TO THE TERMS OF A CUSTODY AGREEMENT, DATED AS OF SEPTEMBER 1, 2010 (AS AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME, THE "CUSTODY AGREEMENT"), BETWEEN ATAX TEBS I, LLC (THE "DEPOSITOR"), AND THE CUSTODIAN. THIS SUBORDINATE CUSTODIAL RECEIPT IS SUBJECT TO THE PROVISIONS OF AND IS ENTITLED TO THE BENEFITS OF THE CUSTODY AGREEMENT, INCLUDING CERTAIN RIGHTS OF THE DEPOSITOR AND FREDDIE MAC SET FORTH THEREIN, A COPY OF WHICH IS AVAILABLE FOR INSPECTION BY THE HOLDER HEREOF AT THE DESIGNATED CORPORATE TRUST OFFICE OF THE CUSTODIAN IN BIRMINGHAM, ALABAMA. A SENIOR CUSTODIAL RECEIPT, SERIES RA-[__], REPRESENTING AN INTEREST IN A PORTION OF THE INTEREST ON AND A PRINCIPAL AMOUNT OF THE BONDS AND CERTAIN OTHER RIGHTS, HAS ALSO BEEN ISSUED UNDER THE CUSTODY AGREEMENT. THE SENIOR CUSTODIAL RECEIPT AND THE RIGHTS OF THE HOLDERS THEREOF ARE SENIOR TO THE RIGHTS OF THE HOLDERS OF THE SUBORDINATE CUSTODIAL RECEIPTS, SUBJECT IN ALL RESPECTS TO THE TERMS OF THE CUSTODY AGREEMENT (INCLUDING, WITHOUT LIMITATION, THE RIGHT OF THE HOLDER TO RECEIVE AND RETAIN PAYMENTS UNDER THE SUBORDINATE CUSTODIAL RECEIPTS SO LONG AS THE SENIOR CUSTODIAL RECEIPTS ARE BEING PAID CURRENTLY).

The Bonds evidenced by this Subordinate Custodial Receipt shall be held in custody by the Custodian. Principal and interest payments on such Bonds are payable to the Holder in the manner set forth in the Custody Agreement.

As provided in the Custody Agreement and subject to certain limitations therein set forth, the transfer of this Subordinate Custodial Receipt is registrable in the Subordinate Custodial Receipt Register, upon surrender of this Subordinate Custodial Receipt for registration of transfer at the designated office of the Custodian in Birmingham, Alabama, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Custodian duly executed by the Holder or such Holder's attorney duly authorized in writing, together with cash in the amount required by the Custody Agreement, and thereupon one or more new Subordinate Custodial Receipts of the Authorized Denominations and evidencing the same aggregate principal amount of the Bonds will be issued to the designated transferee or transferees.

As provided in the Custody Agreement and subject to certain limitations therein set forth, Subordinate Custodial Receipts are exchangeable for Subordinate Custodial Receipts of a like aggregate principal amount of the Subordinate Custodial Receipts of a different Authorized Denomination, as requested by the Holder surrendering the same.

For any such registration of transfer or exchange, the Custodian may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Subordinate Custodial Receipt for registration of transfer, the Custodian and any agent of the Custodian may treat the person in whose name this Subordinate Custodial Receipt is registered as the owner hereof for all purposes, whether or not this Subordinate Custodial Receipt is overdue, and neither the Custodian nor any such agent shall be affected by notice to the contrary.

In the event of any conflict between the terms of this Custodial Receipt and the terms of the Custody Agreement, the terms of the Custody Agreement shall control.

This Subordinate Custodial Receipt shall not be valid or become obligatory for any purpose unless and until duly executed by manual signature.

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

By:
Authorized Signatory

Date Issued: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto
(Name, Address and Taxpayer Identification Number of Assignee)

all its right, title and interest in and to the within Custodial Receipt and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Custodial Receipt on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____

Signature(s) Guaranteed:

_____

Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Custodian, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Custodian in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature:

_____

Notice: The signature on this assignment must correspond with the name as written upon the face of this Custodial Receipt in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT C-1

SENIOR CUSTODIAL RECEIPTS, SERIES RA

ISSUER	UNDERLYING BONDS	CUSTODIAL RECEIPT DESIGNATION	ORIGINAL PRINCIPAL AMOUNT	MATURITY DATE	BOND INTEREST PAYMENT DATES	INTEREST RATE (%)
Iowa Finance Authority	Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	RA-1	$4,805,000	December 1, 2025	First day of each month	6.25
Texas Department of Housing and Community Affairs	Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	RA-2	$5,510,000	April 1, 2046	April 1 and October 1	6.15
South Carolina State Housing Finance and Development Authority	Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	RA-3	$7,160,000	December 15, 2030	First day of each month	6.25
The County of Lake, Illinois	Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	RA-4	$6,763,000	May 1, 2040	First day of each month	5.445
South Carolina State Housing Finance and Development Authority	Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	RA-5	$7,832,000	March 1, 2049	First day of each month	6.15
Florida Housing Finance Corporation	Senior Beneficial Ownership Interest Certificate relating to Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	RA-6	$8,930,000	December 1, 2031	First day of each month	6.25
Bexar County Housing Finance Authority	Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RA-7-1	9,635,000	June 1, 2041	June 1 and December 1	6.25
Bexar County Housing Finance Authority	Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RA-7-2	6,420,000	June 1, 2041	June 1 and December 1	6.25
City of Maplewood, Minnesota	Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	RA-8	$3,933,000	November 1, 2042	May 1 and November 1	6.00

EXHIBIT C-2

SUBORDINATE CUSTODIAL RECEIPTS, SERIES RB

ISSUER	UNDERLYING BONDS	CUSTODIAL RECEIPT DESIGNATION	ORIGINAL PRINCIPAL AMOUNT	MATURITY DATE	BOND INTEREST PAYMENT DATES	INTEREST RATE (%)
Iowa Finance Authority	Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	RB-1	$563,000	December 1, 2025	First day of each month	6.25
Texas Department of Housing and Community Affairs	Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	RB-2	$1,185,000	April 1, 2046	April 1 and October 1	6.15
South Carolina State Housing Finance and Development Authority	Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	RB-3	$603,000	December 15, 2030	First day of each month	6.25
The County of Lake, Illinois	Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	RB-4	$2,814,794	May 1, 2040	First day of each month	5.445
South Carolina State Housing Finance and Development Authority	Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	RB-5	$880,029	March 1, 2049	First day of each month	6.15
Florida Housing Finance Corporation	Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	RB-6	$388,000	December 1, 2031	First day of each month	6.25
Bexar County Housing Finance Authority	Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RB-7	$2,445,000	June 1, 2041	June 1 and December 1	6.25
City of Maplewood, Minnesota	Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	RB-8	$603,000	November 1, 2042	May 1 and November 1	6.00

EXHIBIT D

FORM OF NOTICE OF DEPOSIT

[DATE]

The Bank of New York Mellon Trust Company, N.A.,
as Custodian
North 20th Street, Suite 950
Birmingham, Alabama 38654

Ladies and Gentlemen:

This notice is delivered pursuant to Section 2.01 of the Custody Agreement, dated as of September 1, 2010 (as amended, restated and/or supplemented from time to time, the "Custody Agreement"), between the undersigned, as Depositor, you, as Custodian and others.

On [_____], 200[____] [a Business Day at least five Business Days after the date of this Notice], the undersigned will deliver the following additional Bonds.

Set forth below is the information concerning such Bonds as required by Section 2.01 of the Custody Agreement and attached hereto is the consent of Freddie Mac required thereby:

Authorized Denomination: $[ ]

Bond Interest Payment Dates: [ ]

Bond Rate: [ ]

Bonds: [ ]

Issuer: [ ]

[Remainder of page intentionally left blank]

The Custodian shall accept such Bonds pursuant to the Custody Agreement and shall execute and deliver a Senior Custodial Receipt, Series RA-[___] [and a Subordinate Custodial Receipt, Series RB-[__]] in accordance therewith.

ATAX TEBS I, LLC, AS DEPOSITOR

By:
Authorized Signatory

EXHIBIT E-1

FORM OF PURCHASER'S LETTER
(other than for Depositor-Formed Trust)

TO BE SUBMITTED TO THE CUSTODIAN

PURCHASER'S LETTER
Relating to Private Placement of
Custodial Receipts

[_____], 200[____]

The Bank of New York Mellon Trust Company, N.A.,
as Custodian

Re: $[_____], [Senior/Subordinate] Custodial Receipts, Series R[A][B]-[_____]

Ladies and Gentlemen:

1. This letter applies to the above-referenced series of Custodial Receipts (the "Receipts"), which are issued pursuant to a Custody Agreement, dated as of September 1, 2010 (as amended, restated and/or supplemented from time to time, the "Custody Agreement"), between ATAX TEBS I, LLC, as Depositor (the "Depositor") and The Bank of New York Mellon Trust Company, N.A., as Custodian (the "Custodian"). Capitalized terms not defined herein shall have the meaning assigned to them in the Custody Agreement.

2. The Undersigned (hereinafter "we" or the "Undersigned") agrees that this letter shall apply to all transfers by us of Receipts and beneficial interests in Receipts including sales of and offers to sell Receipts and beneficial interest in Receipts and any voluntary or involuntary transfer, pledge, assignment or other disposition of Receipts (hereinafter collectively "Transfers" or to "Transfer"). We agree that:

(a) Transfers of Receipts and beneficial interests in Receipts by us shall be made only in the Authorized Denominations set forth in the Custody Agreement,

(b) we will only Transfer Receipts and beneficial interests therein held by us from time to time subject to and in accordance with the restrictions imposed by the Custody Agreement and any other transfer restrictions or other related procedures as described in the Custody Agreement,

(c) we will make Transfers of Receipts and we will permit the Transfers of beneficial interests in Receipts only to a purchaser or transferee that has signed and delivered to the Custodian, a letter in form and substance substantially identical to this letter,

(d) we shall advise the Custodian of each Transfer of Receipts and beneficial interests in Receipts and the identity of each transferee,

(e) we understand that a restrictive legend will be placed on the Receipts, and

(f) no Transfer of the Receipts or beneficial interests in the Receipts may be made unless the Custodian shall consent to such Transfer.

3. We authorize and instruct our DTC Participant to disclose to the Custodian such information concerning our beneficial ownership of Receipts as the Custodian shall request.

4. This letter is not a commitment by us to purchase any Receipts.

5. Our DTC Participant with The Depository Trust Company is [give both name and number], and our taxpayer identification number is [_____].

6. We represent and agree as follows:

(a) We understand and expressly acknowledge that the Receipts have not been and will not be registered under the Securities Act of 1933, as amended (the "1933 Act"), or any applicable state securities laws, and accordingly, that the Receipts and beneficial interests in the Receipts may not be Transferred, pledged or hypothecated unless an applicable exemption from the registration requirements of the 1933 Act and any applicable state securities laws are available.

(b) We understand that the arrangement evidenced by the Custody Agreement is not registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), but that such arrangement is exempt from registration as such by virtue of Section 3(c)(7) of the 1940 Act, which in general excludes from the definition of an investment company any issuer whose outstanding securities are beneficially owned by only "qualified purchasers" (as such term is defined in the 1940 Act) and which has not made and does not propose to make a public offering of its securities. We are a "qualified purchaser" as such term is defined in the 1940 Act and the regulations of the Securities and Exchange Commission thereunder.

(c) The Undersigned: is acquiring the Receipts or a beneficial ownership interest in the Receipts as principal for its own account for investment and not for sale in connection with any distribution thereof; was not formed solely for the purpose of investing in the Receipts; is not a (i) partnership, (ii) common trust fund, or (iii) special trust, pension fund or retirement plan in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof; agrees that it shall not hold such Receipts or such beneficial interest in the Receipts for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes; shall not sell participation interests in the Receipts or beneficial ownership interests in the Receipts or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Receipts. The purchase of the amount of Receipts or beneficial interest in the Receipts indicated above (together with any other Receipts in the same series owned directly or indirectly by the purchaser) constitutes an investment of no more than 40% of the purchaser's assets.

(d) We are either "accredited investors" within the meaning of Section 501(a)(1)-(4), (7) or (8) of Regulation D under the 1933 Act (an "Accredited Investor") or "qualified institutional buyers" within the meaning of Rule 144A under the 1933 Act (a "QIB") with respect to the Receipts to be purchased by us, with such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Receipts, and are able and prepared to bear the economic risk of investing in and holding such Receipts. The Undersigned will not Transfer the Receipts or permit beneficial interests in the Custodial Receipts to be transferred except to a purchaser that (i) (A) (1) is a QIB, (2) is aware that the sale of the Receipts to it is being made in reliance on the exemption from registration provided by Rule 144A under the 1933 Act and (3) is acquiring the Receipts (or beneficial interests therein) for its own account or for one or more accounts, each of which is a QIB and as to each of which the purchaser exercises sole investment discretion, or (B) (1) is an Accredited Investor and (2) is acquiring the Receipts for its own account, and (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Receipts and such purchaser and any accounts for which it is acting are each able to bear the economic risk of the purchaser's or account's the investment.

(e) Neither we nor anyone acting on our behalf has offered or sold or will offer or sell any Receipt or beneficial interest therein by means of any form of general solicitation or general advertising or has taken or will take any action that would constitute a distribution of a Receipt or beneficial interest therein under the 1933 Act, would render the disposition of a Receipt or a beneficial interest therein a violation of Section 5 of the 1933 Act or any state or other securities law or would require registration or qualification pursuant thereto.

(f) We have received a copy of the Custody Agreement, and to the extent we have required additional documents or information concerning the Receipts or the securities underlying the Receipts, we have obtained such other documents or information.

(g) We are not an employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act ("ERISA")) that is subject to Title I of ERISA, a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, or an entity whose underlying assets include the assets of any such plan by reason of a plan's investment in the entity, or otherwise.

(h) We acknowledge that we will treat the custodial arrangement established with respect to each series of Receipts as a partnership for federal, state and local income tax purposes and that we intend and expect to be treated as a partner for such purposes. We acknowledge that no Person is authorized under Treas. Reg. Section 301.7701-3(c) or any applicable state or local law to have the custodial arrangement established with respect to each series of Receipts classified as a corporation for federal, state or local income tax purposes. We consent to an election under Revenue Procedure 2003-84 (or any successor Revenue Procedure or other guidance issued by the Internal Revenue Service) to account for items of Receipts tax-exempt income, taxable income (if any), gain, loss and deduction on the basis of a monthly closing of the books, and agrees to comply with the alternative reporting requirements prescribed by Revenue Procedure 2003-84, if such election is made.

(i) The Undersigned acknowledges that the foregoing are ongoing representations and hereby agrees to notify the Custodian in writing if it becomes aware that any of the representations are no longer accurate.

7. This letter shall be for the benefit of the Custodian, any DTC Participant through which the Undersigned holds Receipts, DTC, the Depositor and any transferor to or transferee from the Undersigned. We recognize that such parties will rely upon the truth and accuracy of the representations and agreements set forth in this letter and we agree that each of our purchases of Receipts now or in the future shall be deemed to constitute our concurrence in and ratification of the entire contents of this letter and shall apply equally to any such subsequent purchase.

Date: [_____]

(Name of Purchaser)

Mailing Address of Purchaser:

_____ By:_____

_____ Printed Name:_____

_____ Title:_____

[Custodial Receipts, Series [RA/RB]-[_____]]

EXHIBIT E-2

FORM OF PURCHASER'S LETTER

(Depositor-Formed Trust)

TO BE SUBMITTED TO THE CUSTODIAN

PURCHASER'S LETTER
Relating to Private Placement of
Custodial Receipts

[_____], 200[____]

The Bank of New York Mellon Trust Company, N.A.,
as Custodian

Re: $[_____], [Senior/Subordinate] Custodial Receipts, Series R[A][B]-[_____]

Ladies and Gentlemen:

1. This letter applies to the above-referenced series of Custodial Receipts (the "Receipts"), which are issued pursuant to a Custody Agreement, dated as of September 1, 2010 (as amended, restated and/or supplemented from time to time, the "Custody Agreement"), between ATAX TEBS I, LLC, as Depositor (the "Depositor") and The Bank of New York Mellon Trust Company, N.A., as Custodian (the "Custodian"). Capitalized terms not defined herein shall have the meaning assigned to them in the Custody Agreement.

2. The Undersigned (hereinafter "we" or the "Undersigned") agrees that this letter shall apply to all transfers by us of Receipts and beneficial interests in Receipts including sales of and offers to sell Receipts and beneficial interest in Receipts and any voluntary or involuntary transfer, pledge, assignment or other disposition of Receipts (hereinafter collectively "Transfers" or to "Transfer"). We agree that:

(a) Transfers of Receipts and beneficial interests in Receipts by us shall be made only in the Authorized Denominations set forth in the Custody Agreement,

(b) we will only Transfer Receipts and beneficial interests therein held by us from time to time subject to and in accordance with the restrictions imposed by the Custody Agreement and any other transfer restrictions or other related procedures as described in the Custody Agreement,

(c) we will make Transfers of Receipts and we will permit the Transfers of beneficial interests in Receipts only to a purchaser or transferee that has signed and delivered to the Custodian, a letter in form and substance substantially identical to this letter,

(d) we shall advise the Custodian of each Transfer of Receipts and beneficial interests in Receipts and the identity of each transferee,

(e) we understand that a restrictive legend will be placed on the Receipts, and

(f) no Transfer of the Receipts or beneficial interests in the Receipts may be made unless the Custodian shall consent to such Transfer.

3. We authorize and instruct our DTC Participant to disclose to the Custodian such information concerning our beneficial ownership of Receipts as the Custodian shall request.

4. This letter is not a commitment by us to purchase any Receipts.

5. Our DTC Participant with The Depository Trust Company is [give both name and number], and our taxpayer identification number is [_____].

6. We represent and agree as follows:

(a) We understand and expressly acknowledge that the Receipts have not been and will not be registered under the Securities Act of 1933, as amended (the "1933 Act"), or any applicable state securities laws, and accordingly, that the Receipts and beneficial interests in the Receipts may not be Transferred, pledged or hypothecated unless an applicable exemption from the registration requirements of the 1933 Act and any applicable state securities laws are available.

(b) We understand that the arrangement evidenced by the Custody Agreement is not registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), but that such arrangement is exempt from registration as such by virtue of Section 3(c)(7) of the 1940 Act, which in general excludes from the definition of an investment company any issuer whose outstanding securities are beneficially owned by only "qualified purchasers" (as such term is defined in the 1940 Act) and which has not made and does not propose to make a public offering of its securities. We are a "qualified purchaser" as such term is defined in the 1940 Act and the regulations of the Securities and Exchange Commission thereunder.

(c) [Reserved].

(d) We are either "accredited investors" within the meaning of Section 501(a)(1)-(4), (7) or (8) of Regulation D under the 1933 Act (an "Accredited Investor") or "qualified institutional buyers" within the meaning of Rule 144A under the 1933 Act (a "QIB") with respect to the Receipts to be purchased by us, with such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Receipts, and are able and prepared to bear the economic risk of investing in and holding such Receipts. The Undersigned will not Transfer the Receipts or permit beneficial interests in the Custodial Receipts to be transferred except to a purchaser that (i) (A) (1) is a QIB, (2) is aware that the sale of the Receipts to it is being made in reliance on the exemption from registration provided by Rule 144A under the 1933 Act and (3) is acquiring the Receipts (or beneficial interests therein) for its own account or for one or more accounts, each of which is a QIB and as to each of which the purchaser exercises sole investment discretion, or (B) (1) is an Accredited Investor and (2) is acquiring the Receipts for its own account, and (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Receipts and such purchaser and any accounts for which it is acting are each able to bear the economic risk of the purchaser's or account's the investment.

(e) Neither we nor anyone acting on our behalf has offered or sold or will offer or sell any Receipt or beneficial interest therein by means of any form of general solicitation or general advertising or has taken or will take any action that would constitute a distribution of a Receipt or beneficial interest therein under the 1933 Act, would render the disposition of a Receipt or a beneficial interest therein a violation of Section 5 of the 1933 Act or any state or other securities law or would require registration or qualification pursuant thereto.

(f) We have received a copy of the Custody Agreement, and to the extent we have required additional documents or information concerning the Receipts or the securities underlying the Receipts, we have obtained such other documents or information.

(g) We are not an employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act ("ERISA")) that is subject to Title I of ERISA, a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, or an entity whose underlying assets include the assets of any such plan by reason of a plan's investment in the entity, or otherwise.

(h) We acknowledge that we will treat the custodial arrangement established with respect to each series of Receipts as a partnership for federal, state and local income tax purposes and that we intend and expect to be treated as a partner for such purposes. We acknowledge that no Person is authorized under Treas. Reg. Section 301.7701-3(c) or any applicable state or local law to have the custodial arrangement established with respect to each series of Receipts classified as a corporation for federal, state or local income tax purposes. We consent to an election under Revenue Procedure 2003-84 (or any successor Revenue Procedure or other guidance issued by the Internal Revenue Service) to account for items of Receipts tax-exempt income, taxable income (if any), gain, loss and deduction on the basis of a monthly closing of the books, and agrees to comply with the alternative reporting requirements prescribed by Revenue Procedure 2003-84, if such election is made.

(i) The Undersigned acknowledges that the foregoing are ongoing representations and hereby agrees to notify the Custodian in writing if it becomes aware that any of the representations are no longer accurate.

7. The Undersigned (the "Trust") is a trust the sponsor of which is the Depositor. Notwithstanding anything to the contrary provided elsewhere in this letter, the requirements of paragraphs 2 and 6(d)(except for the first sentence thereof), shall not apply to Transfers by the owners or holders of the trust receipts issued by the Trust (the "Trust Receipts") or beneficial interests therein. The Undersigned represents that the constituent documents of the Trust require that neither the Trust Receipts nor beneficial interests therein may be Transferred to any Person unless such Person has delivered an investor letter representing that such Person is both (i) either an Institutional Accredited Investor or a QIB, and (ii) a qualified purchaser as defined in the 1940 Act and containing provisions substantially similar to those of this letter, but referring to the Trust Receipts and the related documents rather than the Receipts.

8. This letter shall be for the benefit of the Custodian, any DTC Participant through which the Undersigned holds Receipts, DTC, the Depositor and any transferor to or transferee from the Undersigned. We recognize that such parties will rely upon the truth and accuracy of the representations and agreements set forth in this letter and we agree that each of our purchases of Receipts now or in the future shall be deemed to constitute our concurrence in and ratification of the entire contents of this letter and shall apply equally to any such subsequent purchase.

Date: [_____]

(Name of Trust)

Mailing Address of Purchaser:

_____

_____

_____

By: ATAX TEBS I, LLC

By:_____

Printed Name:_____

Title:_____

Exhibit 10.27

BOND EXCHANGE,
REIMBURSEMENT, PLEDGE AND SECURITY AGREEMENT

between

FEDERAL HOME LOAN MORTGAGE CORPORATION

and

ATAX TEBS I, LLC
as Sponsor

Relating to

Freddie Mac
Multifamily Variable Rate Certificates
Series M024

Dated as of September 1, 2010

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BOND EXCHANGE, REIMBURSEMENT, PLEDGE AND SECURITY AGREEMENT

THIS BOND EXCHANGE, REIMBURSEMENT, PLEDGE AND SECURITY AGREEMENT dated as of September 1, 2010 (this "Agreement") by and between the **FEDERAL HOME LOAN MORTGAGE CORPORATION** ("Freddie Mac"), a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, and **ATAX TEBS I, LLC**, a limited liability company organized and existing under the laws of the State of Delaware, as Sponsor (the "Sponsor").

R E C I T A L S:

1. Freddie Mac has agreed with the Sponsor to exchange certain Certificates described below for (i) various series of multifamily housing revenue bonds (or in the case of the Fairmont Oaks Mortgaged Property, beneficial ownership certificates therein) owned by the Sponsor, the interest on which is excludable from the gross income of certain holders for federal income tax purposes and which have been issued by various state and local governmental entities (as further identified on Schedule A-2 , the "Enhanced Bonds") and (ii) various series of senior custodial receipts (as further identified on Schedule A-2, the "Enhanced Custodial Receipts" and together with the Enhanced Bonds, the "Deposited Assets") issued pursuant to the terms of the Custody Agreement dated as of the date hereof (the "Custody Agreement") between the Sponsor and The Bank of New York Mellon Trust Company, N.A., as custodian (the "Custodian").

2. The Enhanced Custodial Receipts represent senior beneficial ownership interests in various other series of multifamily housing revenue bonds (or in the case of the Lake Forest Mortgaged Property, beneficial ownership certificates therein) to be deposited by the Sponsor and held pursuant to the Custody Agreement, the interest on which is excludable from the gross income of certain holders for federal income tax purposes and which have been issued by various state and local governmental entities (as further identified on Schedule A-2 , the "Custodian-Held Bonds" and together with the Enhanced Bonds, the "Bonds"). Pursuant to the Custody Agreement, there will also be issued various related series of subordinate custodial receipts representing a subordinate beneficial ownership interest in the portion of the Custodian-Held Bonds not to be credit enhanced by Freddie Mac (the "Subordinate Custodial Receipts"), as such Subordinate Custodial Receipts are listed on Schedule A-3 hereof.

3. Freddie Mac will deposit and pool the Deposited Assets pursuant to a Series Certificate Agreement dated as of the date hereof (together with the Standard Terms attached thereto, the "Series Certificate Agreement") between Freddie Mac, in its corporate capacity, and Freddie Mac, as Administrator.

4. Pursuant to the Series Certificate Agreement, Freddie Mac has agreed to provide credit enhancement with respect to the Deposited Assets and the related Certificates issued thereunder and to provide liquidity support for Class A Certificates issued thereunder.

5. The Sponsor will arrange for the initial public sale of the Class A Certificates and will pledge the Class B Certificates to Freddie Mac as a portion of the security for its obligations to Freddie Mac hereunder.

6. The Sponsor's obligations under this Agreement are secured by (i) a pledge of the Class B Certificates and any Pledged Class A Certificates purchased pursuant to Section 6.06 of the Series Certificate Agreement to be held for the benefit of Freddie Mac pursuant to Article VIII, (ii) a pledge of any Purchased Assets held for the benefit of Freddie Mac pursuant to Article VIII, (iii) a pledge of the Hedge Collateral pursuant to Section 5.5, and (iv) a pledge of the amounts held pursuant to the Repair Escrow Agreement, the Ohio Portfolio Escrow Agreement and the Villages at Lost Creek Escrow Agreement. In addition, in order to vest in Freddie Mac the right to control remedies with respect to the Bonds, the Sponsor will cause Freddie Mac to be appointed or otherwise hold all rights as Bondholder Representative under the Bond Documents and the Bond Mortgage Documents contemporaneously with the execution hereof for all Bonds.

7. The Guarantor is providing the Guaranty to guaranty certain of the Sponsor's obligations hereunder.

8. Contemporaneously with the execution and delivery of this Agreement, the Class B Certificates are being transferred, subject to the terms of the Series Certificate Agreement, to Freddie Mac as Pledge Custodian to be held in the Custody Account as provided in Article VIII.

9. The Class A Certificates will initially be issued bearing a variable interest rate to be reset on a weekly basis.

NOW, THEREFORE, in consideration of the Recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Freddie Mac and the Sponsor do hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. All initially capitalized terms included in the Recitals above and not specifically defined in this Agreement shall have the meanings therefor contained in Exhibit A to the Series Certificate Agreement. Unless otherwise expressly provided in this Agreement or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for all purposes of this Agreement.

"Administrator" means Freddie Mac in its capacity as Administrator under the Series Certificate Agreement and its successors or assigns in such capacity.

"Advance" means either a Credit Advance or a Liquidity Advance.

"Agreement" means this Bond Exchange, Reimbursement, Pledge and Security Agreement, as the same may be amended, modified or supplemented from time to time.

"Allocable Expense Amount" has the meaning set forth in Section 8.3(c).

"Bond Documents" means, with respect to any Bond, the trust indenture, ordinance, resolution and any other agreements or instruments pursuant to which such Bond has been issued or secured (including any loan agreement, note, mortgage, deed of trust or any rate cap or interest rate protection agreement delivered to the applicable Bond Trustee) or governing the operation of the Project financed by such Bond, as the same may be amended or supplemented from time to time.

"Bondholder Representative" means Freddie Mac as assignee or holder, as applicable, of all rights to control remedies (whether directly or indirectly through the Custodian or another entity acting for such purpose) as "Bondholder Representative", "Controlling Party", "Servicing Agent" or majority owner of the Bonds, as applicable, under the Bond Documents.

"Bond Event of Default" means, with respect to an issue of Bonds, the occurrence of a default under the related Bond Documents (following any applicable grace period or notice and cure period but only to the extent provided in the related Bond Documents).

"Bond Mortgage Documents" means, with respect to each Bond Mortgage Loan, the Bond Mortgage, the Bond Mortgage Note, the LURA, the Loan Agreement and any related documents evidencing the obligations of the Owner under the Bond Mortgage Note or securing payment or performance of such obligations or otherwise pertaining to such obligations, including any HUD Document, as each such document, agreement or instrument may be amended, modified or supplemented from time to time.

"Bond Purchase Loan" shall have the meaning set forth in Section 7.3(b).

"Bonds" means the Custodian-Held Bonds and the Enhanced Bonds, as listed together onSchedule A-1 hereto.

"Breach" shall have the meaning set forth in Section 2.4(a).

"Cap" or "Cap Agreement" means an interest rate cap agreement delivered pursuant to and satisfying the requirements of Article V as the same may be amended, supplemented or restated, including any renewal or replacement thereof.

"Cap Documents" means each Cap Agreement and any and all other agreements evidencing the Cap and the obligations of the Counterparty and the Sponsor thereunder.

"Cap Fee Escrow" means the escrow account to be held by the Servicer in accordance with the terms hereof to provide for payments made or caused to be made by the Sponsor as required by Section 5.1 for the purchase of a Subsequent Hedge.

"Cap Payments" shall have the meaning provided in Section 5.5.

"Certificates" means the Class A Certificates and the Class B Certificates, as applicable.

"Class A Certificates" means the Class A Certificates designated as such and issued pursuant to the Series Certificate Agreement.

"Class B Beneficial Owners" means the Sponsor, any transferee from the Sponsor or any other Person so long as it owns a beneficial interest in any Class B Certificate.

"Class B Certificates" means the Class B Certificates designated as such and issued pursuant to the Series Certificate Agreement.

"Closing Date" means the date the Series Certificate Agreement is delivered by Freddie Mac in its corporate capacity and as Administrator thereunder.

"Counterparty" means the counterparty approved in writing by Freddie Mac as being one of the parties on its approved list of counterparties not more than 15 days prior to the Closing Date or the date of delivery of a Subsequent Hedge, as applicable, named in the Hedge Agreement (or a Subsequent Hedge) that is obligated to make payments in accordance with the terms thereof.

"Credit Advance" means any advance by Freddie Mac under this Agreement or the Series Certificate Agreement (other than a Liquidity Advance), including but not limited to (i) an advance to pay principal or interest distributable with respect to any Class A Certificates or Deposited Asset, (ii) any advance to cure a Breach, (iii) an advance by Freddie Mac pursuant to the terms of this Agreement to purchase a Subsequent Hedge, (iv) any advance in connection with a Mandatory Tender Event pursuant to Section 6.04 of the Series Certificate Agreement or an Optional Disposition Right pursuant to Section 7.05 of the Series Certificate Agreement, (v) an advance in connection with a Release Event pursuant to Section 3.08 of the Series Certificate Agreement, (vi) an advance to pay any portion of the Fee Component or any other fee due and owing that the Sponsor fails to cause to be paid in accordance with the Sponsor Documents, the non-payment of which jeopardizes the security pledged hereunder, (viii) any advance to pay property taxes due but unpaid or any other unpaid assessments or impositions with respect to a Mortgaged Property and (ix) any advance in connection with an Enforcement Action.

"Credit Enhancement" has the meaning set forth in the Series Certificate Agreement.

"Custodial Receipts" means, together, the Enhanced Custodial Receipts and the Subordinate Custodial Receipts.

"Custodian" means The Bank of New York Mellon Trust Company, N.A., as custodian under the Custody Agreement, and any successor in such capacity.

"Custodian-Held Bonds" means the tax exempt multifamily housing revenue bonds deposited and held pursuant to the terms of the Custody Agreement of which the Custodial Receipts represent a beneficial ownership interest therein, as further identified on Schedule A-2.

"Custody Account" means a trust account in the name of the Pledge Custodian, as collateral agent for Freddie Mac, as further described in Section 8.11.

"Custody Agreement" means the Custody Agreement dated as of the date hereof by and between the Sponsor and the Custodian, as the same may be amended, supplemented or restated from time to time.

"Data Tape" means the data tape dated August 27, 2010 submitted by or on behalf of the Sponsor to Freddie Mac with respect to the Bonds and the Mortgaged Property.

"Default Rate" means the base rate or prime rate of Citibank, N.A. until such time as another "Money Center" bank is designated by Freddie Mac in its discretion by notice to the Sponsor, plus four percent (4%).

"*Deposited Assets*" means, together, the Enhanced Bonds and the Enhanced Custodial Receipts deposited and pooled pursuant to the Series Certificate Agreement.

"*Discount Rate"* means, for purposes of calculating the Prepayment/Substitution Premium under Section 3.8(a), the interest rate, as of the date which is five Business Days prior to the applicable Yield Maintenance End Date for the applicable Deposited Asset, which shall be found among the Daily Treasury Yield Curve Rates (commonly known as "Constant Maturity Treasury" rates) for an obligation with a maturity date corresponding to the applicable Yield Maintenance End Date, as reported on the U.S. Department of the Treasury website, expressed as a decimal to two digits. If no published Constant Maturity Treasury rate matches the remaining applicable Yield Maintenance Period, Freddie Mac shall interpolate as a decimal to two digits the interest rate between (a) the Constant Maturity Treasury rate with a maturity closest to, but shorter than, the expiration date of the applicable Yield Maintenance Period, and (b) the Constant Maturity Treasury rate with a maturity closest to, but longer than, the expiration date of the applicable Yield Maintenance Period, as follows:

A = the Treasury Constant Maturity rate with a maturity closest to, but shorter than, the expiration date of the Yield Maintenance Period
B = the Treasury Constant Maturity rate with a maturity closest to, but longer than, the expiration date of the Yield Maintenance Period
C = number of months to maturity for the Treasury Constant Maturity rate with a maturity closest to, but shorter than, the expiration date of the Yield Maintenance Period
D = number of months to maturity for the Treasury Constant Maturity rate with a maturity closest to, but longer than, the expiration date of the Yield Maintenance Period
E = number of months remaining in the Yield Maintenance Period

In the event the U.S. Department of the Treasury ceases publication of the Constant Maturity Treasury rates, the Discount Rate shall equal the yield on the first U.S. Treasury security that is not callable or indexed to inflation, which matures after the expiration date of the applicable Yield Maintenance Period.

"Enforcement Action" means, with respect to any Mortgaged Property, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the obtaining of or seeking of the appointment of a receiver, the taking of possession or control or the collecting of rents, the commencement of any suit or other legal, administrative, or arbitration proceeding against the Mortgaged Property or the Owner based upon any of the Bond Mortgage Documents, or the taking of any other enforcement or remedial action against the Owner arising under or connected with the Mortgaged Property.

"Enhanced Bonds" means the Bonds for which Freddie Mac is providing its Credit Enhancement pursuant to the Series Certificate Agreement as listed on Schedule A-2 hereto.

"Enhanced Custodial Receipts" means those senior custodial receipts (representing an interest in the related underlying Bonds) for which Freddie Mac is providing its Credit Enhancement pursuant to the Series Certificate Agreement as indicated on Schedule A-2 hereto.

"Event of Default" means the occurrence of an event of default as described in Section 7.1.

"Fee Component" means, with respect to each Bond Mortgage Loan, the regular, ongoing fees due from time to time to the Issuer, the Bond Trustee and the rebate analyst, as such fees are set forth in the applicable Indenture.

"Foreclosure" shall be deemed to have occurred when title to the Mortgaged Property encumbered by a Bond Mortgage is acquired in the name of the Bond Trustee, Freddie Mac, the Sponsor, the Bondholder Representative, or the designee of any such party or in a third party purchaser's name through foreclosure or deed-in-lieu.

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

"Freddie Mac Fee" means the fee payable to Freddie Mac for providing the Credit Enhancement, the Liquidity Facility and for serving as Administrator and Pledge Custodian. Such fee shall be an amount equal to one-twelfth of 1.67% (one hundred sixty-seven basis points) times the Current Class A Certificate Balance, and shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Such fee shall be payable as provided in Section 3.3 and shall accrue monthly based upon the Current Class A Certificate Balance as of the first day of each month. If an Administrator or Pledge Custodian other than Freddie Mac is appointed, Freddie Mac will allocate a portion of the Freddie Mac Fee to the payment of the fees of such substitute Administrator or Pledge Custodian. The Freddie Mac Fee does not include fees for extraordinary services of the Administrator or Pledge Custodian.

"Freddie Mac Purchase Notice" has the meaning set forth in Section 7.3(b).

"Freddie Mac Reimbursement Amount" means the amounts that the Sponsor is required to cause to be paid to Freddie Mac pursuant to this Agreement to reimburse Freddie Mac for any Advances, which amounts shall be equal to the sum of all Advances not previously reimbursed on behalf of the Sponsor, together with any interest thereon, late charges, default interest and other amounts payable to Freddie Mac under this Agreement (except any share of collected late charges that the Servicer is entitled to retain as additional servicing compensation) as a result of a default under the Owner Documents, and shall be paid as provided in Sections 3.2, 3.3 and 3.4 of this Agreement.

"Government Obligations" means direct and general obligations of the United States of America or obligations of any agency or instrumentality of the United States of the payment of the principal and interest of which are guaranteed by the full faith and credit of the United States of America.

"Guaranty" means the Limited Support Agreement dated as of the date hereof between the Guarantor and Freddie Mac, as amended, supplemented or restated.

"Guarantor" means America First Tax Exempt Investors, L.P., a Delaware limited partnership, and any permitted successor or assign thereof under the Guaranty.

"Guide" means the Freddie Mac Multifamily Seller/Servicer Guide, as amended from time to time.

"Hedge" or *"Hedge Agreement"* means a Cap.

"Hedge Collateral" has the meaning set forth in Section 5.5.

"HUD Document" means, with respect to any Mortgaged Property, any interest rate reduction payment agreement, housing assistance payment agreement or similar document delivered by or on behalf of the Department of Housing and Urban Development to provide support for rent or mortgage loan payments.

"Indenture" means, with respect to each issue of Bonds, the Trust Indenture or the Indenture of Trust, as applicable, between the Issuer and Bond Trustee or the Resolution of the Issuer pursuant to which the Bonds are issued and secured, as the same may be amended, modified or supplemented from time to time.

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

"Initial Purchaser" means D.A. Davidson & Co., as initial purchaser of the Class A Certificates under the Remarketing Agreement.

"Issuer" means, with respect to each issue of Bonds, the governmental entity that issued such Bonds, and its successors.

"Liquidity Advance" means an advance by Freddie Mac pursuant to the terms of the Series Certificate Agreement to pay the Purchase Price of any Class A Certificates tendered optionally by Class A Certificateholders pursuant to Section 6.03 of the Series Certificate Agreement that have not been remarketed by the Remarketing Agent pursuant to the Remarketing Agreement and the Series Certificate Agreement and therefore, with respect to which there are no proceeds of remarketing.

"Liquidity Commitment Termination Date" means, with respect to the Class A Certificates, the first to occur of (a) the date such Class A Certificates shall have been redeemed in full, (b) the termination of the Series Certificate Agreement, (c) the conversion of the Reset Rate Method to a term interval that extends to the last day on which such Class A Certificates will remain outstanding and (d) a Tender Option Termination Event under the Series Certificate Agreement.

"Liquidity Facility" has the meaning set forth in the Series Certificate Agreement.

"Liquidity Rate" means the base rate or prime rate of interest of Citibank, N.A. until such time as another "Money Center" bank is designated by Freddie Mac in its discretion by notice to the Sponsor, plus two percent (2%) per annum.

"Losses" shall have the meaning set forth in Section 3.12.

"LURA" shall have the meaning set forth in Section 2.1(gg).

"Mandatory Tender Event" shall mean each event defined as a "Mandatory Tender Event" in Section 6.04 of the Series Certificate Agreement.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

"Mortgaged Property" means any of the properties listed as a Mortgaged Property in **Schedule A** attached hereto.

"Obligations" means the obligations of the Sponsor (a) to pay or cause to be paid all amounts, including fees, costs, charges and expenses payable under this Agreement and (b) to observe and perform each of the terms, conditions and provisions of the Sponsor Documents.

"Offering Circular" means in each case, the preliminary and final Offering Circular (together with the related Offering Circular Supplement) related to the sale of the Class A Certificates.

"Ohio Portfolio Escrow Agreement" means the Rehabilitation Escrow Agreement (Ohio Portfolio) dated as of the date hereof among the Sponsor, the Servicer and Freddie Mac, as amended, supplemented or restated.

"Optional Series Pool Release Date" means either (i) September 15, 2017 or (ii) September 15, 2020.

"Owner" means, with respect to each Mortgaged Property, the owner of such Mortgaged Property, and any successor owner of the Mortgaged Property.

"Owner Documents" means, with respect to each Bond Mortgage Loan, the Bond Documents and the Bond Mortgage Documents.

"Person" means an individual, estate, trust, corporation, partnership, limited liability company or any other organization or entity (whether governmental or private).

"Pledge Custodian" means Freddie Mac, or any successor thereto as provided in Article VIII.

"Pledged Class A Certificate" means (a) any Class A Certificate following an optional tender by its Holder or the exercise by such Holder of its Optional Disposition Right during the period from and including the date of its purchase by the Administrator on behalf of and as agent for the Sponsor with an Advance under Section 6.01(b) of the Series Certificate Agreement but excluding the date on which such Class A Certificate is remarketed to any person other than Freddie Mac, the Sponsor or any Affiliate of the Sponsor and (b) any Class A Certificate purchased by the Administrator on behalf of and as agent for the Sponsor from monies paid by Freddie Mac pursuant to the Liquidity Facility following the occurrence of a Mandatory Tender Event.

"Pledged Security Collateral" has the meaning set forth in Section 8.1

"Prepayment/Substitution Premium" means, when such premium is due and payable pursuant to Sections 2.4(c), 3.8, 3.19, 3.21, 3.23 or 3.24 hereof, an amount equal to the present value (discounted at the applicable Discount Rate) of the monthly payments of the Freddie Mac Fee that would have been earned assuming scheduled principal payments of the Deposited Asset(s) during the remainder of the applicable Yield Maintenance Period for the applicable Deposited Asset(s) had the redemption, funding, Release Event, substitution or mandatory tender not occurred.

"Pre-Selected Deposited Asset" means the four (4) Deposited Assets indicated on Schedule A-4 that have been pre-selected by the Sponsor as of the Closing Date as being eligible for substitution and release from the Series Pool pursuant to Sections 3.19 and 3.20 due to the sale of the related Pre-Selected Mortgaged Property to an unrelated third party. Only two of such four Pre-Selected Deposited Assets may actually be substituted and released based on such circumstances.

"Pre-Selected Mortgaged Property" means a Mortgaged Property related to an Pre-Selected Deposited Asset.

"Purchase Date" means (a) during the Weekly Reset Period, any Business Day specified by a Class A Certificateholder as the date on which Class A Certificates owned by such Class A Certificateholder are to be purchased in accordance with the provisions of Section 6.03 of the Series Certificate Agreement, (b) any date on which the Class A Certificates are subject to mandatory tender in accordance with the provisions of Section 6.04 of the Series Certificate Agreement and (c) any date on which the Class A Certificates are subject to optional disposition in accordance with the provisions of Section 7.05 of the Series Certificate Agreement.

"Purchase Price" means, with respect to any Class A Certificate required to be purchased pursuant to Section 6.06 of the Series Certificate Agreement, the balance of such Class A Certificate plus interest accrued thereon to the Purchase Date.

"Purchased Asset" means a Deposited Asset purchased by Freddie Mac on behalf of the Sponsor from monies paid by Freddie Mac pursuant to the Credit Enhancement following the occurrence of a Release Event.

"Rating Agency" has the meaning provided in the Series Certificate Agreement.

"Released Asset" has the meaning set forth in Section 3.19 hereof.

"Remarketing Agent" means D.A. Davidson & Co., as remarketing agent under the applicable Remarketing Agreement, and any successor in such capacity.

"Remarketing Agent Fee" has the meaning set forth in the Remarketing Agreement with respect to the Class A Certificates.

"Remarketing Agreement" means the Certificate Purchase and Remarketing Agreement dated as of the date hereof among the Sponsor, Freddie Mac, the Initial Purchaser and the Remarketing Agent as amended, supplemented or restated.

"Repair Escrow Agreement" means the Repair Escrow Agreement dated as of the date hereof by and among Freddie Mac, the Servicer and the Sponsor with respect to the repairs required to be completed at the Mortgaged Properties during the time period(s) established therein, as the same may be amended, supplemented or restated.

"Release Purchase Price" means, with respect to any Deposited Asset, an amount equal to the then outstanding principal amount of such Deposited Asset plus accrued interest on such Deposited Asset to, but not including, the Release Event Date.

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

"Series Certificate Agreement" means the Series Certificate Agreement as defined in Recital 2 hereof, as amended, restated or supplemented.

"Series Pool" means a discrete pool formed by Freddie Mac consisting of Deposited Assets and other Assets therein described with respect to which Freddie Mac has elected partnership status, as set forth in the Series Certificate Agreement.

"Servicer" means the eligible servicing institution designated by Freddie Mac, or its successor, as servicer of each Bond Mortgage Loan. Initially, NorthMarq Capital, LLC shall act as the Servicer.

"Servicing Agreement" means the Servicing Agreement dated as of the date hereof between the Servicer and Freddie Mac concerning the servicing of the Bond Mortgage Loans, the Bonds and each Hedge, as the same may be amended from time to time, including any replacement Servicing Agreement entered into with a successor servicer.

"Servicing Fee" means the monthly fee due the Servicer under the Servicing Agreement in an amount equal to one-twelfth of 0.08% (eight basis points) times the outstanding principal balance of each Bond Mortgage Loan, calculated on the basis of a 365/366 day year for the actual number of days elapsed.

"Sponsor Documents" means this Agreement, the Series Certificate Agreement, the Servicing Agreement, the Remarketing Agreement, the Repair Escrow Agreement, the Guaranty, each Hedge Agreement, the Custody Agreement, the Ohio Portfolio Escrow Agreement, the Villages at Lost Creek Escrow Agreement and any other agreement, instrument or certificate executed by the Sponsor or by the Guarantor in connection with the transactions contemplated thereby.

"Sponsor Paid Expenses" has the meaning set forth in Section 8.3(c).

"Strike Rate" shall have the meaning set forth in Section 5.2.

"Subordinate Custodial Receipts" means those subordinate Custodial Receipts issued pursuant to the Custody Agreement representing subordinate ownership interest in the portion of Custodian-Held Bonds not credit enhanced by Freddie Mac, as indicated on Schedule A-3 hereto.

"Subsequent Hedge or Subsequent Hedge Agreement" shall mean a Hedge Agreement in place during any Subsequent Hedge Period.

"Subsequent Hedge Period" means a period during which a Subsequent Hedge Agreement is provided as required by the provisions of Article V.

"Substitute Asset" means an issue of multifamily housing revenue bonds, or senior custodial receipts evidencing a senior ownership interests in such bonds, substituted for an issue of Enhanced Bonds or Enhanced Custodial Receipts pursuant to Section 3.19.

"Substitute Property" means a multifamily housing project that is substituted for a Project pursuant to Section 3.19.

"Tax Certificate" means the Tax Certificate, the Non-Arbitrage Certificate and Tax Agreement or any similar agreement or certificate executed by the Owner certifying to or agreeing to comply with the requirements of Section 103 of the Internal Revenue Code of 1986, as amended, in connection with the issuance of the related Bonds.

"Term" has the meaning set forth in Section 9.8.

"Terminating Mandatory Tender Date" shall have the meaning set forth in the Series Certificate Agreement.

"Title Insurance Policy" means, with respect to any Mortgaged Property, the title insurance policy insuring the lien of the related Bond Mortgage.

"Total Release Price" means an amount equal to the Release Purchase Price plus Hypothetical Gain Share, if any.

"Underwriting Package" means the documents and reports submitted by the Sponsor to Freddie Mac and relied upon by Freddie Mac in its decision to execute and deliver the Series Certificate Agreement.

"UCC Collateral" has the meaning set forth in Article VI hereof.

"Uniform Commercial Code" or "U.C.C." means the Uniform Commercial Code as from time to time in effect in each applicable jurisdiction.

"Villages at Lost Creek Escrow Account" means the Villages at Lost Creek Escrow Account established and held by The Bank of New York Mellon Trust Company, N.A. for the benefit of Freddie Mac pursuant to the Villages at Lost Creek Escrow Agreement.

"Villages at Lost Creek Escrow Agreement" means the Escrow Agreement (Villages at Lost Creek) dated as of the date hereof by and among the Sponsor, Freddie Mac, the Servicer and The Bank of New York Mellon Trust Company, N.A., as collateral agent for Freddie Mac, as the same may be amended, supplemented or restated.

"Yield Maintenance Period" means, with respect to each Deposited Asset, the period beginning on the Closing Date and ending on the applicable Yield Maintenance End Date.

"Yield Maintenance End Date" means, either (a) September 1, 2020 with respect to events of the type set forth in Sections 3.8(a)(i), 3.8(a)(iv), 3.8(a)(v) and 3.8(a)(vi) or (b) the applicable date indicated on Schedule A with respect to each Deposited Asset with respect to events of the type set forth in Sections 3.8(a)(ii) and 3.8(a)(iii).

Section 1.2 Interpretation. In this Agreement, unless the context otherwise requires, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include partnerships, corporations and associations, including public bodies, as well as natural persons. The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Agreement, refer to this Agreement. Any reference in this Agreement to an "Exhibit", a "Section", a "Subsection", a "Paragraph" or a "subparagraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Agreement, a section of this Agreement, a subsection of the section of this Agreement in which the reference appears, a paragraph of the subsection within this Agreement in which the reference appears, or a subparagraph of the paragraph within which the reference appears. All Recitals set forth above and all Exhibits attached to or referred to in this Agreement are incorporated by reference into this Agreement. Any reference to an executed agreement or instrument herein shall be to such agreement or instrument as amended, supplemented or restated in accordance with its terms.

ARTICLE II
REPRESENTATIONS, COVENANTS, WARRANTIES AND CONDITIONS

Section 2.1 Representations and Warranties. As of the Closing Date, the Sponsor represents and warrants the following as to each Bond Mortgage and, as applicable, the related Bond Documents with respect to the Bonds. The Sponsor acknowledges that such representations and warranties (as qualified by Schedule B hereto), together with the other representations, covenants, warranties and agreements of the Sponsor contained in this Agreement, are relied upon by Freddie Mac and serve as a basis for the agreement of Freddie Mac to exchange the Certificates for the Deposited Assets, and the undertakings of Freddie Mac contained in the Series Certificate Agreement with respect to the Credit Enhancement and the Liquidity Facility. Freddie Mac acknowledges that, except for the representations and warranties contained in Subsections 2.1(uu), 2.2(a)(iii), 2.2(a)(iv), 2.2(a)(v), 2.2(a)(vi) and 2.2(a)(vii), although the Sponsor has undertaken such review of each Bond Mortgage and Bond Documents with respect to the Bonds as it deems appropriate, the warranties and representations set forth in this Agreement are intended solely to allocate risk between the Sponsor and Freddie Mac and to establish the circumstances under which Freddie Mac may exercise certain remedies under this Agreement, are not personal assurances by the Sponsor that all matters represented and warranted to are factually correct or true as to each such Bond or Bond Mortgage, as applicable, and may not be the basis for a claim of personal liability, except as otherwise provided in Section 9.11(b) herein. The representations and warranties contained in Subsections 2.1(uu), 2.2(a)(iii), 2.2(a)(iv), 2.2(a)(v), 2.2(a)(vi) and 2.2(a)(vii) are intended to be personal assurances that the matters warranted to in those Subsections are factually correct, and any breach thereof may be the basis for a claim of personal liability against the Sponsor.

For the purposes of the representations and warranties made by the Sponsor in this Article II: (i) "diligent inquiry" and "due diligence" shall mean that the Sponsor has conducted such inquiry and diligence as would customarily be conducted by a Freddie Mac approved "Delegated Lender" contemplating making or purchasing mortgage loans on properties comparable to the properties securing the Bond Mortgage Loans, determined at the time the inquiry or diligence in question was conducted or should have been conducted; (ii) "constructive knowledge" shall mean knowledge obtainable (even if not actually obtained), assuming the exercise of either (a) reasonable care or diligence, or (b) diligent inquiry and due diligence in accordance with (i) above, as applicable; (iii) "employees" of the Sponsor shall include any employees of the Sponsor and of any Affiliates who have provided services to the Sponsor in connection with the transaction contemplated by this Agreement; (iv) "best knowledge" shall mean the best knowledge (which shall include actual knowledge and constructive knowledge in accordance with (ii) above) of the employees of the Sponsor and attorneys for the Sponsor working on the transaction contemplated by this Agreement; (v) "actual knowledge" shall mean the actual knowledge (excluding constructive knowledge) of the employees of the Sponsor and attorneys for the Sponsor working on the transaction contemplated by this Agreement; and (vi) "Sponsor Affiliates" means the Guarantor, and any other entity controlled by, or under common control with, any of them.

(a) ***Rent Schedule; Data Tape***. The rent schedules submitted to Freddie Mac contain no material errors of which the Sponsor has knowledge, and accurately states the gross potential rents, the actual leased rents, the rent concessions provided (if any), and the rent subsidies (if any) for each Mortgaged Property as of the effective date thereof, and all other information regarding the Mortgaged Property contained in the Data Tape provided to Freddie Mac regarding the Mortgaged Property is true, complete and correct in all material respects.

(b) ***Location of Improvements***. All improvements to the Mortgaged Property that have been included in its appraised value lie within the boundaries of the land as described in the legal description attached to the related Bond Mortgage, or to the extent that any such improvements encroach onto any adjoining land, each such encroachment falls within the exceptions for encroachments set forth in *Guide* Chapter 16 except as set forth on Schedule B. No improvements on neighboring properties encroach onto the Mortgaged Property, or all such encroachments fall within the exceptions for encroachments set forth in *Guide* Chapter 16.

(c) ***No Damage***. There exists no unrepaired or unrestored damage to the Mortgaged Property from fire or other casualty since the date of the Bond Mortgage that would materially and adversely affect its value as security for the Bond Mortgage, or, if such damage exists, sufficient funds have been escrowed to fully restore the Mortgaged Property to the same size and density as existed prior to such casualty, and such restoration is permitted under all applicable building and zoning laws and regulations.

(d) ***Mortgaged Property Condition and Operation***.

(i) The Mortgaged Property is in good and habitable condition except as noted on Schedule B.

(ii) To Sponsor's best knowledge, there is no material uncured violation at the Mortgaged Property of any building or housing code or similar law or ordinance.

(iii) Except for the Mortgaged Properties listed on Schedule B which are currently undergoing rehabilitation, all repairs and improvements to the Mortgaged Property required by the related Repair Escrow Agreement have been completed in accordance with the terms thereof.

(iv) Sponsor has completed a site inspection of the Mortgaged Property on or after January 1, 2010. Sponsor's inspection of the Mortgaged Property did not disclose any conditions that would materially adversely affect the value of the Mortgaged Property, which were not taken into account in the appraisal of the Mortgaged Property, including, but not limited to, environmental hazards, needed repairs, tenancy issues, the condition of adjoining properties and other similar matters.

(v) The Mortgaged Property is adequately served by public water and sewer systems and all necessary public utilities.

(vi) The Mortgaged Property is in material compliance with all applicable statutes, rules and regulations, including, but not limited to, subdivision, health, safety, fire and building codes. The Mortgaged Property is in material compliance with all regulatory agreements and restrictive covenants which affect the Mortgaged Property. The physical configuration of the Mortgaged Property is not in material violation of the Americans with Disabilities Act.

(vii) The Mortgaged Property is located in one of the fifty (50) states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands or other territories or possessions of the United States.

(viii) The Mortgaged Property consists of five (5) or more dwelling units. (For the purposes of this representation and warranty, a "dwelling unit" must include both a kitchen and a bathroom.)

(ix) No Mortgaged Property is operated as a manufactured housing park.

(x) If the Mortgaged Property includes any retail, commercial or other non-residential units ("mixed uses"), (A) (1) it is a single structure; or (2) it consists of multiple structures, some of which contain mixed uses, but none of which are exclusively retail or commercial or (3) it consists of multiple structures, most of which are entirely residential, but one (or a small number) of which consists of retail stores primarily intended to serve residents of the Mortgaged Property; and (B) gross income from non-residential uses does not exceed 20% of the Mortgaged Property's gross income; and (C) the area devoted to non-residential uses does not exceed 20% of the Mortgaged Property.

(xi) No Mortgaged Property is a Seniors Housing Property (as defined in the Guide).

(e) ***Condemnation***. No part of the Mortgaged Property has been taken by condemnation or any similar proceeding since the date of the Bond Mortgage, and, to the best of Sponsor's knowledge, there is no pending or threatened (in writing) condemnation or similar proceeding with respect to all or any part of the Mortgaged Property.

(f) ***Authorization and Execution of Documents***. The Bond Mortgage and all documents delivered in connection with the Bond Mortgage have been validly authorized and executed by the parties thereto. With respect to each Mortgaged Property, all documents delivered in connection with the Bond Mortgage and the related issue of Bonds have been validly authorized and executed by the parties thereto.

(g) ***Loan Proceeds; Settlement Statement***. To Sponsor's best knowledge, all proceeds of the Bond Mortgage for any Mortgaged Property have been disbursed directly to, or for the account of, the Owner in a manner that satisfied the requirements of the Bond Documents other than the Mortgaged Properties set forth on and as described on Schedule B.

(h) ***Insurance***. The Mortgaged Property is covered by hazard, flood, liability and rent loss insurance that meets the requirements of the *Guide* as of the applicable Closing Date except as set forth on Schedule B. Without limiting the generality of the foregoing, for any Bond Mortgage secured by a Mortgaged Property located in whole or in part in a Special Flood Hazard Area ("SFHA") identified by the Federal Emergency Management Agency, (i) each building that lies within the SFHA is covered by flood insurance in an amount at least equal to the least of (A) its insurable replacement cost, (B) its prorated portion of the unpaid principal balance of the related Bonds as of the Closing Date in the case of a Mortgaged Property, or (C) the maximum limit of coverage available under the National Flood Insurance Program, and (ii) the community where the Mortgaged Property is located participates in the National Flood Insurance Program.

(i) ***Delinquencies and Defaults***. Except as described on Schedule B, (i) all payments due under the terms of the Bond Mortgage Documents have been made, and there have been no delinquencies of 30 days or more since the origination of the Bond Mortgage, (ii) there are no material non-monetary defaults under the terms of the Bond Mortgage Documents, and (iii) there have been no material non-monetary defaults which have remained uncured for 30 days or more since the date of the origination of the Bond Mortgage. No Bond Mortgage Document is cross-defaulted, and no Bond Mortgage is cross-collateralized, with any other transaction, except as disclosed to, and approved by, Freddie Mac prior to the date hereof.

(j) ***Form 8038.*** Form 8038 relating to each series of Bonds that was "reissued" (for federal tax purposes) or is a new issue with respect to the Mortgaged Property has been or will be timely filed with the Internal Revenue Service.

(k) ***Bond Mortgage Ownership.*** Each Bond Trustee is the sole owner and holder (except for certain reserved rights of the Issuer) of the Bond Mortgage related to the issue of Bonds for which it is the Bond Trustee. The Bond Trustee's interest in each such Bond Mortgage is free and clear of any third party security interests, claims and encumbrances of any kind (except for certain reserved rights of the Issuer).

(l) ***Third-Party Reports***. The Sponsor has provided or caused to be provided to Freddie Mac all third party reports in its possession relating to the Mortgaged Property or the Owner, including, without limitation, any credit report, appraisal, engineering report, environmental report or audit, title insurance policy, flood zone determinations and surveys. With respect to each such report, the Sponsor represents and warrants that (i) a Sponsor Affiliate has examined the report, (ii) the preparer of the report is appropriately qualified and (iii) to the Sponsor's best knowledge, the report is complete and accurate.

(m) ***Undisclosed Information about Owner***. Except as disclosed to Freddie Mac in writing, the Sponsor has no actual knowledge of any fact or circumstance affecting the Owner or the Mortgaged Property that materially and adversely affects the Owner's ability to meet its obligations under the Bond Mortgage in a timely manner.

(n) ***Insolvency***. Except as specifically described on Schedule B, no bankruptcy, insolvency, reorganization or comparable proceeding has ever been instituted by or against the Owner or any guarantor or indemnitor of the Owner's obligations at any time during the last seven (7) years, and no such proceeding is now pending against any such party.

(o) ***Information from Owner***. No information provided by the Owner or any guarantor is untrue, inaccurate or misleading in any material and adverse respect, and the description of the Owner, and each principal of the Owner, contained in the Data Tape is true, complete and correct in all material respects.

(p) ***Negligence***. To Sponsor's best knowledge, there has been no negligent act or omission by the Sponsor, any principal of the Sponsor, any Sponsor Affiliate or any employee of the Sponsor or Sponsor Affiliate that has a material adverse effect on the value of the Bond Mortgage.

(q) ***Enforceability***. The Bond Mortgage and the related Bond Mortgage Documents are enforceable in accordance with their terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the enforcement of creditors, rights generally, and general principles of equity (whether such enforcement is considered in a proceeding at law or in equity) and any other qualifications set forth in any legal opinion delivered at the closing of the Bond Mortgage relating to such enforceability. The Owner has no rights of offset, defense, counterclaim or rescission with respect to the Bond Mortgage Documents. The Sponsor has complied with all applicable laws, regulations and administrative requirements, state, local and federal, which would affect in any material respect the enforceability of the Bond Mortgage Documents against the Owner, and the Bond Mortgage Documents comply with all applicable laws, regulations and requirements with respect to usury.

(r) ***Title; First Lien***. Except as indicated on Schedule B, the Owner holds its interest in the Mortgaged Property in fee simple. The lien of each Bond Mortgage is insured by one or more lender's title insurance policies insuring the applicable Bond Trustee, and its successors and assigns, as to the first priority lien (except as noted on Schedule B with respect to the Bonds of a subordinate series) of such Bond Mortgage in the aggregate principal amount of the Bonds to which it relates, subject only to: (i) the lien of current real property taxes, ground rents, water charges, sewer rents and assessments not yet due and payable; and (ii) the exceptions (general and specific) set forth in such title policies, including all covenants, conditions and restrictions, rights of way, easements and other matters of public record, none of which, individually or in the aggregate, materially interferes with (A) the current use of the Mortgaged Property or the security intended to be provided by such Bond Mortgage, (B) the Owner's ability to pay its obligations when they become due, or (C) the value of the Mortgaged Property. No new liens or other matters of record have been filed against the Mortgaged Property since the date of the applicable title insurance policy that would not be insured by the title insurance policy as being subordinate to the lien of the Bond Mortgage, and no such lien, individually or in the aggregate, materially interferes with (A) the current use of the Mortgaged Property or the security intended to be provided by such Bond Mortgage, (B) the Owner's ability to pay its obligations when they become due, or (C) the value of the Mortgaged Property or such lien has been released. Each such title policy contains all endorsements as are required as of the date hereof by Section 29.1(g) of the *Guide,* or equivalent affirmative insurance, and otherwise conforms in all respects with the *Guide* except as set forth on Schedule B. The Sponsor has made no claims under any of such title insurance policies.

(s) ***Taxes Paid***. All taxes, water and sewer charges, ground rents, governmental assessments and other similar charges having a lien, or which would create a lien upon the Mortgaged Property if unpaid by their payment due date, have been paid, or amounts sufficient to cover the same in the ordinary course have been escrowed under the Bond Mortgage Documents consistent with the requirements of such Bond Mortgage Documents.

(t) ***Equal Opportunity***. The origination of each Bond Mortgage by the Sponsor or its Affiliates did not violate any applicable federal, state and local laws and regulations, which if violated would materially and adversely affect the enforceability of the Bond Mortgage, including but not limited to each of the following and regulations issued under each of the following:

(i) Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §§3601 et seq. (1996).

(ii) Title VII of the Consumer Credit Protection Act, as amended, 15 U.S. C. §§1691 - 1691f (1996).

(iii) Section 527 of the National Housing Act, as amended, 12 U.S.C. §1735f-5 (1996).

(u) ***Status***. The Sponsor has complied with all laws relating to licensing, qualification to do business and approval to originate mortgages in the state in which the Mortgaged Property is located to the extent necessary to ensure the validity and enforceability of the Bond Mortgage Documents and performance of the Sponsor's obligations under this Agreement.

(v) ***Environmental***. Except as disclosed to Freddie Mac in environmental reports delivered to Freddie Mac or as listed on Schedule B, there is not now nor has there ever been:

(i) any storage, disposal or discharge of hazardous materials or substances on or affecting the Mortgaged Property,

(ii) any event or condition with respect to the Mortgaged Property, that constitutes a material violation of any applicable local, state, or federal environmental or public health law, or

(iii) any pending or threatened (in writing) environmental or public health litigation or administrative action by any private party or public authority with respect to the Mortgaged Property.

(w) ***Interest Computation***. Each Indenture with respect to the related Bonds provides for computation of interest on the basis of a 360-day year comprised of twelve 30-day months to the maturity date of the Bonds. Each Bond Mortgage Note provides for computation of interest on the basis of a 360-day year comprised of twelve 30-day months to the maturity date of the Bond Mortgage Note.

(x) ***Bond Requirements.*** Except as indicated on Schedule B:

(i) any Bonds originally issued as "draw-down" Bonds have been completely drawn down;

(ii) all Bonds are secured by a recorded mortgage or deed of trust granted by the related Owner in favor of the related Bond Trustee (or granted to the Issuer and then assigned to the related Bond Trustee);

(iii) all Bonds bear interest at fixed rate to maturity or an earlier reset date (and in the case of any earlier reset date, will bear interest at a fixed rate thereafter to be determined in accordance with the related Bond Documents);

(iv) with respect to each series of Bonds, neither the Issuer nor the Trustee nor any other third party may direct or cause an acceleration or redemption of the Bonds or the related Bond Mortgage Loan or a foreclosure of the lien of the related Bond Mortgage pursuant to the terms of the related Bond Documents or Bond Mortgage Documents based on a failure to pay the fees or expenses or any other amounts owed to the Issuer, the Trustee or any such third party without the prior consent of the Bondholder Representative;

(v) no third-party credit facility (other than the Freddie Mac Credit Enhancement) or liquidity facility is in effect with respect to any series of Bonds;

(vi) no interest rate swap or cap or other interest rate hedge is in effect with respect to any series of Bonds; and

(vii) no forward or standby bond purchase agreement is in effect with respect to any series of Bonds.

(y) ***Ineligible Bond Mortgages***. The Bond Mortgage and the Bond Mortgage Documents include none of the following features that would be applicable during the term of this Agreement, except as described on Schedule B:

(i) A principal balance that includes capitalization of interest, taxes, hazard insurance premiums or late charges.

(ii) [Reserved].

(iii) A Mortgaged Property in which any of the residential space is master leased to a single lessee or is master leased for military housing.

(iv) A Mortgaged Property more than 20 percent of which is used for student and/or military housing.

(v) A lender equity participation feature.

(vi) A Mortgaged Property with physical occupancy below 90 percent.

(vii) A ground lease.

(viii) A Mortgaged Property that is encumbered by financing that is subordinate to the Bond Mortgage, which subordinate financing does not meet the requirements of the Guide for “soft” subordinate financing.

(z) ***Title Insurance***. Each Title Insurance Policy in effect with respect to the related Bond Mortgage is identical to the policy previously submitted to Freddie Mac by the Sponsor. There are no conditions or encumbrances that have not been disclosed to the title insurer and that would provide a reasonable basis for the title company refusing to honor a claim. To the knowledge of Sponsor, there are no liens or encumbrances affecting the Bond Mortgage or the Mortgaged Property that are not identified in Section 2.1(r), in Schedule B to the Title Insurance Policy or in the title report delivered to Freddie Mac in connection with this transaction arising during the period from the effective date of the Title Insurance Policy to the Closing Date.

(aa) ***Survey***. Except as set forth on Schedule B, the survey delivered to Freddie Mac as part of the Underwriting Package correctly depicts for the Mortgaged Property the boundary lines, improvements and exceptions to title that can be shown on a survey required to be shown on a survey under the ALTA/ACSM requirements for urban surveys, and otherwise meets the requirements of the *Guide*.

(bb) ***Single Tax Parcel***. The Mortgaged Property consists of property identified as all of a single tax parcel or, if identified as multiple tax parcels, the Mortgaged Property constitutes the entirety of those tax parcels. Any tax parcel or parcels within which the Mortgaged Property is located does not include property that is not subject to the Bond Mortgage.

(cc) ***Access***. Except as set forth on Schedule B, the Mortgaged Property does not share ingress and egress through an easement or private road, or share on-site or off-site recreational facilities and amenities that are not located on the Mortgaged Property and under the exclusive control of the Owner; or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement, such agreement meets the requirements of the Guide, and such agreement (i) provides that access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) specifies the Owner's responsibilities and share of expenses, and (iii) states that the failure to pay any maintenance fee will not result in a loss of usage of the easement.

(dd) ***Zoning***. The overall character of the existing use of the Mortgaged Property is consistent with the zoning classification of the Mortgaged Property, except to the extent such use may constitute a legal nonconforming use. Except as disclosed to Freddie Mac in writing, the Mortgaged Property does not violate any density or building setback requirements of the applicable zoning law, and reconstruction of the Mortgaged Property in its current configuration would be permitted by applicable zoning laws following destruction of part or all of the Mortgaged Property by fire or other casualty or, in lieu thereof, building law and ordinance insurance coverage satisfying the requirements of the Guide as of the Closing Date has been provided. The Mortgaged Property otherwise meets the requirements of the *Guide* relating to zoning, and no proceedings are pending or, to the best of Sponsor's knowledge, threatened that would result in a change of the zoning of the Mortgaged Property.

(ee) ***Bond Information***. The information with respect to the Bonds and the Enhanced Custodial Receipts set forth on Schedule 1 to the Series Certificate Agreement and Appendix A to the Offering Circular Supplement is true and correct in all material respects.

(ff) ***Owner Liability***. Except as set forth in the Bond Mortgage and the documents related thereto, the Owner of the Mortgaged Property has no outstanding or continuing payment obligations to the Sponsor, the Issuer or the Bond Trustee, and, to Sponsor's knowledge, the Sponsor, the Issuer and the Bond Trustee have not breached any obligation or duty owed to the Owner under the Bond Mortgage Documents or at law or in equity the Regulatory Agreement or other similar agreement imposing operating restrictions on the Mortgaged Property.

(gg) ***LURA and Bond Documents***. (i) The use and operation of the Mortgaged Property is currently in compliance with the provisions of the Land Use Restriction Agreement, the Regulatory Agreement or other similar agreement (including any such agreement constituting or executed in connection with a Housing Assistance Payment contract from the U.S. Department of Housing and Urban Development) imposing operating restrictions on the Mortgaged Property executed in connection with the Bonds (the "LURA"), and no prior violations have occurred that would result in any related tax exempt bonds becoming taxable, loss or material diminution in value of the tax credits, forfeiture or reversion of title to the Mortgaged Property or other material loss or risk of loss on the part of the Owner or the Mortgaged Property; (ii) to the best of Sponsor's knowledge, there have been no actions, claims, demands or proceedings brought against the Owner or related to the Mortgaged Property arising out of any violations or claimed violations of any Tax Regulatory Agreement; (iii) no circumstances exist which, with the giving of notice or the expiration of any applicable grace or cure period, would constitute an event of default under the Bond Documents; (iv) there are no fees currently due and owing under the Bond Documents which have not been paid; and (v) no claims for indemnification under the Bond Documents have been made or are pending, and no basis for such a claim for indemnification exists.

(hh) ***Nonexistent Documents***. Except as indicated on Schedule B, none of the following documents is currently in effect with respect to the Bond Mortgage or the Mortgaged Property:

(i) A mortgage note or any other obligation payable to the Sponsor or any its Affiliates.

(ii) Except as disclosed in writing to Freddie Mac, an assignment of rents or leases in favor of the Sponsor or its Affiliates.

(iii) An escrow agreement for the benefit of the Sponsor or its Affiliates creating or governing the tax and insurance escrow, any repair escrow or any other escrow fund with respect to the Bond Mortgage (except pursuant to the Sponsor Documents) or the Mortgaged Property (other than the Mortgaged Properties set forth on Schedule B and in the amounts set forth on Schedule B).

(ii) ***Perfection of Security Interest***. Financing statements have been filed in all locations necessary to perfect a security interest in all of the Mortgaged Property described in the financing statements, including all furniture, fixtures, equipment, accounts, contracts rights, condemnation and casualty proceeds, general intangibles and all other personal property related to the ownership or operation of the Mortgaged Property, described in those financing statements, to the extent that applicable law permits a security interest in such collateral to be perfected by filing.

(jj) ***Single Asset Requirements***. In the case of each of the Mortgaged Properties, except as disclosed to Freddie Mac on Schedule B, the Bond Mortgage prohibits the applicable Owner from owning substantial assets other than its Mortgaged Property and prohibits the applicable Owner from engaging in any business enterprises other than the operation of its Mortgaged Property. To the Sponsor's best knowledge, each Owner is in compliance with the above-described provision of its Bond Mortgage.

(kk) ***Flood Zone Determination***. The Flood Zone Determination form for the Mortgaged Property was prepared on the basis of the legal description of the Mortgaged Property and, notwithstanding any street address specified on the form, the determination evidenced by the form is applicable to all buildings comprising the Mortgaged Property.

(ll) ***Federal Income Tax Matters***. To Sponsor's best knowledge, (1) no Owner has taken any action, omitted to take any action, or permitted any action to be taken that would impair the exclusion from gross income for federal income tax purposes of the interest payable on any of the Bonds, and (2) no Owner is in violation of any material requirement of any tax certificate relating to the Bonds.

(mm) ***Payment of Fee Component***. Payment of the Fee Component with respect to each Bond Mortgage Loan is current and no such fees are currently due and payable.

(nn) ***State Allocating Agency Requirements***. The only operating restrictions imposed on any Mortgaged Property by any state tax credit allocating agency not reflected in the regulatory agreements, restrictive covenants or similar instruments recorded against the Mortgaged Properties are those reflected in the letters attached hereto as Exhibit I.

(oo) ***Rebate***. No rebate is due and owing with respect to the Bonds related to any Mortgaged Property.

(pp) ***Exemption from Real Property Taxes***. Except as indicated on Schedule B, the Mortgaged Property has qualified for an exemption from, and has not been subject to, payment of real property taxes since the date the Owner acquired the Mortgaged Property and to Sponsor's best knowledge (i) the Owner is in compliance with the requirements of the Regulatory Agreement applicable to the Mortgaged Property, (ii) the Mortgaged Property qualifies for exemption from real property taxes for the current real property tax year and (iii) no event has occurred which would cause the Mortgaged Property to lose its current exemption from real property taxes.

(qq) ***Amortization Schedules***. The amortization schedules attached as Exhibit II do not contain material errors of which the Sponsor has knowledge, and accurately state the maturity and the principal and interest payments for the applicable Bond Mortgage Loan and related Bond as of each monthly payment date.

(rr) ***Prepayment Schedule***. The first date on which the Bonds are permitted to be redeemed at par is set forth inExhibit III.

(ss) ***Tax Credit Matters***. Except as indicated on Schedule B, a Form 8609 has been issued by the applicable tax credit allocating agency with respect to each Mortgaged Property evidencing the final allocation of tax credits with respect thereto in an amount such that no adjustment to or repayment of any tax credit investor's capital contribution is necessary, and all tax credit investor capital contributions have been fully funded to the Owner.

(tt) ***Laundry and Other Leases***. Each laundry or telecommunications lease in effect with respect to a Mortgaged Property is in compliance with applicable requirements of the *Guide*, or the nature of any noncompliance is such that it would neither materially interfere with the security provided by the related Bond Mortgage, nor materially impair the value of the Mortgaged Property.

(uu) ***Ownership of Bonds and Custodial Receipts***. (1) The Bonds are genuine and outstanding. The Sponsor has all necessary power and authority to transfer, and has duly authorized by all necessary action the transfer of, the Enhanced Bonds to Freddie Mac and the Custodian-Held Bonds pursuant to the Custody Agreement. Immediately prior to such transfers, the Sponsor owned the Bonds free and clear of any lien, pledge, encumbrance or other security interest, and has not sold, assigned or pledged any of its interest in the Bonds to any Person except in accordance with the Sponsor Documents, and has not entered into any agreement to effect such a sale, assignment or pledge except as contemplated hereby. Upon such transfers, the Sponsor releases all right, title and interest in and to the Bonds (such release by the Sponsor in connection with its transfer of ownership of the Bonds in no way limits its rights to direct the funding of Release Events in certain cases or take other actions with respect to the Bonds as described in the Sponsor Documents).

(2) The Custodial Receipts are genuine and outstanding. The Sponsor has all necessary power and authority to transfer, and has duly authorized by all necessary action the transfer of, the Enhanced Custodial Receipts to Freddie Mac. Immediately prior to such transfers, the Sponsor owned the Enhanced Custodial Receipts free and clear of any lien, pledge, encumbrance or other security interest, and has not sold, assigned or pledged any of its interest in the Enhanced Custodial Receipts to any Person other than Freddie Mac, and has not entered into any agreement to effect such a sale, assignment or pledge except as contemplated hereby. Upon such transfers, the Sponsor releases all right, title and interest in and to the Enhanced Custodial Receipts (such release by the Sponsor in connection with its transfer of ownership of the Enhanced Custodial Receipts in no way limits its rights to direct the funding of Release Events in certain cases or take other actions with respect to the Enhanced Custodial Receipts as described in the Sponsor Documents).

(vv) ***Earthquake Insurance***. With respect to each Mortgaged Property located in Seismic Risk Zone 3 or 4, a seismic analysis has been conducted by a recognized firm experienced in conducting such analyses, and no such analysis showed a Mortgaged Property with a probable maximum loss of greater than 40%. For each such Mortgaged Property with respect to which the applicable seismic analysis shows a probable maximum loss of greater than 20%, but not greater than 40%, earthquake insurance is currently maintained by the related Owner with a deductible not in excess of $50,000 from an insurance company with a rating meeting the requirements of the Guide for the applicable size of the Bond Mortgage Loan related to the Mortgaged Property with Freddie Mac named as a loss payee or additional insured.

(ww) ***Owner Status***. Neither the Owner nor any principal of an Owner is a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf.

(xx) ***Replacement Reserves***. The replacement reserve requirements with respect to each Mortgaged Property as set forth in the related Bond Documents and Bond Mortgage Loan Documents, are fully funded.

Section 2.2 Other Representations and Warranties by the Sponsor and Representations and Warranties by Freddie Mac.

(a) The Sponsor represents and warrants as of the Closing Date with respect to each Bond Mortgage Loan and Mortgaged Property related to the Bonds and the Sponsor Documents, as follows:

(i) To Sponsor's best knowledge, the information contained in the Underwriting Package is true and accurate in all material respects and does not omit information in the possession of the Sponsor to make the provided information complete and accurate.

(ii) All copies of documents delivered to Freddie Mac under Section 2.3 of this Agreement are true and accurate copies of the originals. The Sponsor has in its possession no documents described in Section 2.3 of this Agreement for which either originals or copies have not been delivered to Freddie Mac.

(iii) The Sponsor Documents to which it is a party have been duly authorized by the Sponsor, are valid and binding agreements of the Sponsor, and are enforceable against the Sponsor in accordance with their terms except as may be limited by bankruptcy, insolvency, reorganization, moratoria, liquidation or readjustment of debt or similar laws now or hereafter affecting the enforcement of creditors' rights generally, and as may be limited by the effect of general principles of equity regardless of whether such enforcement is considered in a proceeding at law or in equity. The Guaranty has been duly authorized by the Guarantor, is a valid and binding agreement of the Guarantor, and is enforceable against the Guarantor in accordance with its terms except as may be limited by bankruptcy, insolvency, reorganization, moratoria, liquidation or readjustment of debt or similar laws now or hereafter affecting the enforcement of creditors' rights generally, and as may be limited by the effect of general principles of equity regardless of whether such enforcement is considered in a proceeding at law or in equity.

(iv) Since June 30, 2010, which is the date of the Guarantor's most recent financial statements submitted to Freddie Mac, there has been no material adverse change in the general financial position of the Guarantor. For the purposes of this representation and warranty, the "general financial position of the Guarantor" shall be deemed to exclude any short-term adverse changes that occur solely as a result of daily interest rate fluctuations.

(v) The Sponsor (A) is a limited liability company duly organized and existing pursuant to the laws of the State of Delaware, (B) has the power and authority to own its properties and to carry on its business as now being conducted and as contemplated by the Sponsor Documents and (C) has the power and authority to execute and perform all the undertakings in the Sponsor Documents and the other transactions and agreements contemplated by the Sponsor Documents. The Guarantor (1) is a limited partnership duly organized and existing pursuant to the laws of Delaware, (2) has the power and authority to own its properties and to carry on its business as now being conducted and as contemplated by the Guaranty and (3) has the power and authority to execute and perform all the undertakings in the Guaranty.

(vi) The execution and performance by the Sponsor of the Sponsor Documents to which it is a party and other agreements required pursuant to such agreements, and by the Guarantor of the Guaranty (A) will not violate in any material respect or, as applicable, have not violated in any material respect any provision of any law, rule or regulation or any order of any court or other agency or government applicable to the Sponsor or the Guarantor and (B) will not violate in any material respect, or as applicable, have not violated in any material respect any provision of any indenture, agreement or other instrument to which the Sponsor or Guarantor, as applicable, is a party or is otherwise subject, or, except as otherwise provided in the Sponsor Documents, result in the creation or imposition of any material lien, charge or encumbrance of any nature.

(vii) Neither the Sponsor nor the Guarantor is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would in Sponsor's good faith and reasonable judgment materially adversely affect the transactions contemplated by the Sponsor Documents or the Guaranty. There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened in writing against or affecting the Sponsor or the Guarantor or any of its properties or rights, which, if adversely determined, would in Sponsor's good faith and reasonable judgment (A) materially impair the right of the Sponsor or the Guarantor to carry on its business as now conducted or (B) have a material adverse effect on the financial condition of the Sponsor or the Guarantor.

(viii) Neither Sponsor nor any applicable Sponsor Affiliate, with respect to any period during which it has acted as Bondholder Representative under the Bond Documents, has taken, or omitted to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Bonds.

(ix) Guarantor, as Bondholder Representative, is authorized under the Bond Documents to assign its rights, privileges and obligations as Bondholder Representative to Freddie Mac (whether directly or indirectly through the Custodian).

(x) None of the Bond Documents requires or obligates the Bondholder Representative to pay the fees and expenses of any party, including any obligations of the Owner, or to pay capitalized interest or any other costs during any construction rehabilitation period for any Mortgaged Property.

(xi) Each Owner has established all escrows and reserves required by the Bond Mortgage and the Owner Documents.

(xii) None of the Sponsor or the Guarantor nor the individuals who work for them, whether as employees, agents or independent contractors who have been, prior to the Closing Date, actively engaged in conducting Sponsor's or Guarantor's operations with the Owner, has:

(A) made any written representation to Freddie Mac or the Servicer respecting the Owner, the Bond Mortgage or the Mortgaged Property that it knew or now knows is materially untrue or misleading and that has a materially adverse effect on the value of the Bond Mortgage or the Mortgaged Property, or

(B) omitted to provide any written information to Freddie Mac or the Servicer that it knew or now knows, which omission renders the written information provided to Freddie Mac or the Servicer in connection with the Owner, the Bond Mortgage or the Mortgaged Property materially untrue or misleading and that has a materially adverse effect on the value of the Bond Mortgage or the Mortgaged Property.

The Sponsor and Freddie Mac agree that the individuals who provided such written information to them shall not incur personal liability arising from providing such written information.

(b) By its execution and delivery of the Series Certificate Agreement, Freddie Mac will be deemed to have represented and warranted as of the Closing Date as follows:

(i) It is a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America.

(ii) Each of this Agreement and the Series Certificate Agreement (the "Freddie Mac Documents") is a valid and binding obligation of Freddie Mac, the making and performance of which by Freddie Mac have been duly authorized by all necessary corporate and other action, and neither the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of the Freddie Mac Documents by Freddie Mac, conflicts with, results in a breach of, or is a default under, in any material respect, any of the terms, conditions or provisions of any legal restriction or any instrument to which Freddie Mac is now a party or by which Freddie Mac is bound, or constitutes a violation of any law regulating the affairs of Freddie Mac or internal governing documents of Freddie Mac, and will not result in the creation of any prohibited encumbrance upon any of its assets.

Section 2.3 Conditions. The obligation of Freddie Mac to exchange the Certificates for the Deposited Assets, execute and deliver the Series Certificate Agreement and provide the Credit Enhancement and the Liquidity Facility is subject to the satisfaction of the following conditions precedent on or prior to the Closing Date:

(a) ***Final Documentation Delivery with respect to each Bond Mortgage on a Mortgaged Property.*** The Sponsor has completed final delivery of the documentation in respect of each Bond Mortgage on a Mortgaged Property that relates to the Bonds by delivering the following (to the extent not previously delivered) to Freddie Mac, Legal Division, 8200 Jones Branch Drive, Mail Stop 204, McLean, VA 22102 Attention: Associate General Counsel, an accurate, complete and legible copy of the following documents, including all assignments of such documents:

(i) The Bond Mortgage.

(ii) The closing transcript from the original issue of the related Bonds and from any subsequent refunding issue, if applicable.

(iii) Each financing statement that purports to perfect a security interest related to the Bond Mortgage or the related Bonds.

(iv) The Title Insurance Policy insuring the Bond Mortgage and naming the applicable Bond Trustee as the insured, in a form approved by Freddie Mac.

(v) Each document listed as an exception to coverage in **Schedule B** to the title insurance policy to the extent requested by Freddie Mac.

(vi) A survey approved by Freddie Mac.

(vii) Each legal opinion received by the Sponsor and the Issuer from counsel to the Owner and the guarantor(s), if any, in a form acceptable to Freddie Mac.

(viii) All laundry leases and commercial leases and copies of all related subordination agreements.

(ix) Evidence satisfactory to Freddie Mac of insurance coverage including, as determined to be applicable by Freddie Mac, hazard, earthquake (unless waived by Freddie Mac), rent loss or business interruption, building ordinance, liability and (if any structure forming part of the Mortgaged Property is located in a special flood hazard area identified by the Federal Emergency Management Agency) flood insurance coverage.

(x) If a flood zone determination has been made by a third party on or after January 2, 1996, a copy of the flood zone determination, which must be on the Standard Flood Hazard Determination Form issued by the Federal Emergency Management Agency.

(xi) The rent schedule certified by the Owner as true and correct, most recently received by the Sponsor and acceptable to Freddie Mac.

(xii) Any separate assignment of leases and rents related to the Bond Mortgage, if any.

(xiii) Each guaranty of the obligations of the Owner under the related Exceptions to Non Recourse Guaranty.

(xiv) To the extent obtained by the Sponsor or applicable Sponsor Affiliate, each replacement reserve agreement and repair escrow agreement or comparable agreements, relating to the Mortgaged Property.

(xv) A completed questionnaire by the Bond Trustee in form and scope satisfactory to Freddie Mac.

(b) ***Final Documentation and Fee Delivery with Respect to this Agreement*** On or prior to the Closing Date, the following conditions precedent shall be satisfied prior to delivery by Freddie Mac of the Series Certificate Agreement:

(i) payment made or caused to be made by the Sponsor of (x) Freddie Mac's fees, costs and expenses and (y) all other initial deposits, fees, costs and expenses which are due and payable by the Sponsor on or before the Closing Date in accordance with this Agreement and the other Sponsor Documents;

(ii) delivery to the title insurance company for filing and/or recording in all applicable jurisdictions (or such filing and/or recording having been provided for in a manner satisfactory to Freddie Mac) of all documents, including, without limitation, duly executed and acknowledged copies of each Bond Mortgage, UCC-1 financing statements and other appropriate instruments, in form and substance satisfactory to Freddie Mac and in proper form for recordation as may be necessary, in the opinion of Freddie Mac, to perfect the lien created by the foregoing, and each applicable Owner Document (or evidence of the prior recordation of such documents) and the payment of all taxes, fees and other charges payable in connection with such execution, delivery, recording and filing;

(iii) there shall have occurred no material adverse change in the financial condition, business or prospects of any Owner, or in the physical condition, operating performance or value of the Owner's Mortgaged Property from that shown in the Underwriting Package for the Bonds delivered to Freddie Mac by the Sponsor;

(iv) there shall exist no default or "Event of Default" under any of the Owner Documents with respect to any Mortgaged Property; and

(v) receipt by Freddie Mac, on or prior to the Closing Date, of the following, each dated as of the Closing Date, except as otherwise agreed to in form and substance satisfactory to Freddie Mac in all respects:

(A) an executed copy of the Series Certificate Agreement, the Remarketing Agreement, the Custody Agreement and the satisfaction of all conditions precedent set forth in such documents;

(B) an executed counterpart of this Agreement;

(C) an executed copy of the Servicing Agreement and copies of any other servicing agreements or sub-servicing agreements applicable to the Bond Mortgage Loans;

(D) a pass-through opinion of Shearman & Sterling LLP to the effect that the interest on the Class A Certificates and the Class B Certificates are not includable in gross income to the holders thereof for federal income tax purposes to the same extent as though the holders of such certificates owned the Bonds;

(E) an opinion of counsel to the Sponsor with respect to the due authorization, execution and delivery of the Custodial Receipts and the Custody Agreement and the pass-through nature of interest on the Custodial Receipts in form and substance acceptable to Freddie Mac;

(F) an opinion of special counsel to Freddie Mac with respect to the treatment of the Series Pool under applicable tax laws of the Commonwealth of Virginia, in form and substance acceptable to Freddie Mac;

(G) opinions of counsel to the Sponsor, the Guarantor and the Servicer dated the Closing Date and addressed to Freddie Mac, in form and substance acceptable to Freddie Mac;

(H) the most recent environmental report pertaining to the Mortgaged Property, and all related due diligence completed to Freddie Mac's satisfaction;

(I) the most current survey relating to the Mortgaged Property in form and substance acceptable to Freddie Mac;

(J) such opinions of Bond Counsel and counsel to the Remarketing Agent as Freddie Mac shall require in form and substance satisfactory to Freddie Mac;

(K) the initial Hedge Agreement(s), containing terms and conditions consistent with this Agreement and in form and substance satisfactory to Freddie Mac;

(L) an ACCORD 28, Evidence of Policy naming the Bond Trustee as loss payee and mortgagee under each fire or casualty insurance policy covering the Mortgaged Property and a certified copy of all such policies;

(M) to the extent not previously received by Freddie Mac, a certificate from the Bond Trustee of each series of Bonds that were reissued prior to the Closing Date, stating that arbitrage calculations to be done in connection with reissuance of the Bonds for each Mortgaged Property have been completed, and any amounts due and payable to the United States Treasury in connection therewith have been paid;

(N) the Guaranty;

(O) true and correct copies of rating letters from each Rating Agency rating the Class A Certificates;

(P) executed copies of each of the Repair Escrow Agreement, the Ohio Portfolio Escrow Agreement and the Villages at Lost Creek Escrow Agreement;

(Q) evidence of the transfer to, or delegation of, all the servicing arrangements applicable to the Bonds to the Servicer;

(R) evidence that any bond-level replacement reserves and tax and insurance escrows held by an Owner or other third party (including but not limited to those related to the South Park and Cross Creek Mortgaged Properties) have been transferred to either the applicable Bond Trustee or to the Servicer;

(S) executed copies of subordination agreements with respect to all subordinate loans or other debt made to the Owner of the Mortgaged Properties by the Guarantor or any Affiliate thereof or currently held thereby; and

(T) such other documents, instruments, certificates, approvals (and, if requested by Freddie Mac, certified duplicates of executed copies thereof) or opinions as Freddie Mac may request.

Where subsection (a) requires delivery of a copy of a Bond Mortgage, the related financing statement or other filed or recorded document, the copy must show the recorder's stamp, book and page number, or instrument number.

(c) ***Document Deliveries***. The delivery of copies required by Sections 2.3(a) and 2.3(b)(ii) above shall be carried out by or on behalf of the Sponsor, at no expense to Freddie Mac. If the Sponsor fails to deliver to Freddie Mac any above-required documentation, Freddie Mac may order recorder-certified copies of the missing items that are recorded items, and the Sponsor shall reimburse Freddie Mac upon demand for all costs and expenses incurred by Freddie Mac in doing so.

Section 2.4 Breach of Representations and Warranties.

(a) The Sponsor shall notify Freddie Mac within 15 days following a discovery by the Sponsor of a breach of any representation or warranty made by the Sponsor under this Agreement that materially and adversely affects the value of a Deposited Asset (a "Breach"). Freddie Mac agrees to use its best efforts to provide notice to the Sponsor within 30 days following a discovery by Freddie Mac of a Breach; provided, however, that the failure of Freddie Mac to so notify the Sponsor of such a Breach shall not relieve the Sponsor of its obligation to cure such Breach upon receiving notice from Freddie Mac or obtaining knowledge thereof.

(b) Within 60 days after the earlier of (i) discovery by the Sponsor of a Breach, or (ii) the Sponsor's receipt of notice from Freddie Mac of such Breach, the Sponsor shall (x) commence commercially reasonable efforts to cure such Breach in all material respects or (y) solely in the event such Breach cannot be cured by the Sponsor's commercially reasonable efforts in accordance with the terms of this Section 2.4, provide a Substitute Asset for a Deposited Asset with respect to which a Breach has occurred, but only in accordance with the terms of Section 3.19 hereof.

(c) Subject to the last sentence of this subsection (c), if a Breach is not cured by the Sponsor within 60 days after the discovery or receipt of notice of such Breach or a Substitute Asset is not provided, in each case as set forth in subsection (b) above, Freddie Mac shall have the right to pursue all remedies specified in this Section including, but not limited to, (i) the right to require the Sponsor to fund or cause the funding of the purchase from the Administrator of the series of Deposited Assets related to the Breach, to the extent that Freddie Mac may exercise its purchase right following the occurrence of a Release Event with respect to the same (which funding by, or caused by, the Sponsor shall be accomplished via the exercise of such right of the Sponsor's in accordance with Section 7.3(a) hereof and applicable provisions of the Series Certificate Agreement), and (ii) the right to require payment by the Sponsor of a Prepayment/Substitution Premium in connection with any such Release Event, which remedies in addition to the recovery of enforcement costs from the Sponsor, proceeding under the Guaranty, and taking action as provided in subsection (d) below shall be the sole rights and remedies available to Freddie Mac as the result of a Breach. In the event the Breach is non-monetary and such that it can be corrected, but not within 60 days, Freddie Mac shall not pursue any remedies hereunder if corrective action is instituted by the Sponsor within such 60 days and diligently pursued until the Breach is cured, provided such Breach must be cured not later than the earlier of 90 days after the discovery or receipt of notice of such Breach as set forth in subsection 2.4(b) above.

(d) If Sponsor fails to cure a Breach, or provide a Substitute Asset as set forth in subsection (b) above, within the time provided in subsection (c) above, or fails to diligently prosecute the cure of such Breach, in Freddie Mac's reasonable judgment, Freddie Mac, after written notice to the Sponsor, shall have the right, but not the obligation, to cure any such Breach, and any costs, fees or expenses so incurred by Freddie Mac shall be a Credit Advance and shall be paid by the Sponsor in accordance herewith. Amounts expended by the Sponsor to cure a Breach shall be at the sole cost and expense of the Sponsor.

(e) The representations and warranties in this Agreement, Freddie Mac's right to rely on them, and the Sponsor's liability for a Breach, shall not be affected or limited by any investigation (including any pre-purchase review of documentation) made by, or on behalf of, Freddie Mac, except to the extent that the Sponsor can establish that one or more of the following Freddie Mac employees had actual knowledge (as opposed to imputed knowledge arising from the receipt of the documents required to be delivered by the Sponsor hereunder) of such Breach prior to the Closing Date and did not inform the Sponsor of such Breach prior to the Closing Date:

Clayton A. Davis, Christopher B. Propert, Filiz Unal, John Maalouf and Shaun Smith

provided that the inclusion of Christopher B. Propert in the list of Freddie Mac employees shall not imply a waiver of the attorney-client privilege, which may be asserted by Freddie Mac.

ARTICLE III
COVENANTS OF THE SPONSOR

Section 3.1 Freddie Mac Closing Fee and Closing Expenses; Other Closing Costs and Initial Deposits The Sponsor shall pay, or cause to be paid, to Freddie Mac on the Closing Date a closing fee in the amount of $150,000 together with Freddie Mac's expenses (including but not limited to printing costs in connection with the Offering Circular and the auditor's fee in connection with the delivery of the comfort letter(s)), and the Sponsor shall also pay the fees and expenses of Freddie Mac's outside counsel in accordance with the instructions of such counsel on the Closing Date. The Sponsor shall also pay, or cause to be paid or funded, as applicable, on or before the Closing Date, all other fees, costs, expenses and initial deposits required to be paid or funded by the Sponsor under any other Sponsor Documents.

Section 3.2 Reimbursement of Credit Advances. The Sponsor shall reimburse Freddie Mac the amount of each Credit Advance on the date such Credit Advance was made by Freddie Mac, together with interest on the Credit Advance that has accrued but has not been paid on the fifteenth day of the month in which such Credit Advance occurs, from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement or from the Pledged Security Collateral hereunder; provided, however, a Credit Advance that funded a Bond Purchase Loan pursuant to Section 7.3 shall be paid in accordance with the provisions thereof.

Section 3.3 Scheduled Payments and Deposits.

(a) ***Monthly Payments.*** The Sponsor shall pay, from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement, the following amounts on the fifteenth day of each month beginning on the fifteenth day of the first month following the Closing Date:

(i) Interest on Credit Advances. Accrued but unpaid interest on any outstanding Credit Advances from the date such Credit Advance was made by Freddie Mac to the date on which the Credit Advance is reimbursed at the Default Rate; provided, however, that interest on a Credit Advance that funded a Bond Purchase Loan pursuant to Section 7.3 shall be accrued in accordance with the provisions thereof.

(ii) Interest on Liquidity Advances. Accrued but unpaid interest on each outstanding Liquidity Advance, from the date such Liquidity Advance was made, at the Liquidity Rate, to the date on which reimbursement of such Liquidity Advance is due pursuant to Section 3.4 below, and thereafter at the Default Rate until such Liquidity Advance is reimbursed.

(iii) Freddie Mac Fee. The accrued but unpaid Freddie Mac Fee.

(iv) Remarketing Agent Fee. The accrued but unpaid Remarketing Agent Fee.

(v) Cap Fee Escrow Payment. The applicable monthly payment to fund the Cap Fee Escrow as required by Section 5.1.

(vi) Servicing Fee. The accrued but unpaid Servicing Fee.

(b) ***Certain Third Party Fees.*** To the extent not paid by the Owner with respect to any Bond Mortgage Loan, the Sponsor shall pay from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement the regular, ongoing fees due from time to time to the Bond Trustee and the rebate analyst appointed under the Indenture, as applicable, to the party entitled to payment thereof when such payment is due.

Section 3.4 Reimbursement of Liquidity Advances. The Sponsor shall reimburse or cause to be reimbursed Freddie Mac for each Liquidity Advance, from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement (except to the extent that remarketing proceeds have already become available for application to such reimbursement), together with interest on the Liquidity Advance that has accrued but has not been paid, under Section 3.3(a) on the first to occur of:

(a) 60 days following the Liquidity Advance.

(b) if the related Pledged Class A Certificates are remarketed by the Remarketing Agent, the date on which the proceeds of that remarketing are delivered to the Administrator;

(c) the date on which the related Pledged Class A Certificates are redeemed or otherwise paid in full and canceled;

(d) the Liquidity Commitment Termination Date; or

(e) the date on which the Series Certificate Agreement terminates.

Section 3.5 Payment of Costs, Fees and Expenses. In addition to the Sponsor's other obligations set forth in this Article III and in the other Sponsor Documents, the Sponsor shall pay, upon written demand, to Freddie Mac (from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement) all of the following:

(a) all fees, costs, charges and expenses (including the reasonable fees and expenses of attorneys, and the fees and expenses of accountants and other experts) incurred by Freddie Mac in connection with, or related to, the execution and delivery of the Series Certificate Agreement, the deposit of the Deposited Assets with the Administrator, the deposit of the Custodian-Held Bonds under the Custody Agreement, the issuance of the Custodial Receipts, the sale of the Class A Certificates, and the preparation and review of the Sponsor Documents and all other documents related to the transactions contemplated by the Sponsor Documents, and the consummation of the transactions contemplated hereby and thereby and any tax or governmental charge imposed in connection with the execution and delivery of the Series Certificate Agreement;

(b) any and all fees, costs, charges and expenses incurred by Freddie Mac (including the reasonable fees and expenses of attorneys, and the fees and expenses of accountants and other experts) in connection with (i) any amendments, consents or waivers to this Agreement, the Sponsor Documents and any other documents related to the transactions contemplated by the Sponsor Documents (whether or not any such amendments, consents or waivers are entered into), (ii) any requests by the Sponsor for Freddie Mac to consider providing credit enhancement for any other certificate issue, (iii) any proposed Hedge arrangement or proposed investments under the Series Certificate Agreement, (iv) any adjustment or conversion of the interest rate on the Class A Certificates, (v) any tender, purchase, refunding, reoffering or remarketing of the Bonds, the Custodial Receipts or the Certificates, (vi) any collection, disbursement or application of insurance or condemnation awards, proceeds, damages or other payments including, without limitation, all costs incurred in connection with the application of insurance or condemnation awards to restore or repair the Mortgaged Property, including, reasonable appraiser fees, (vii) the transfer, assignment and re-registration of the Bonds or the Custodial Receipts to Freddie Mac and (viii) any audit of any Mortgaged Property, the Bonds, the Custodial Receipts or the Certificates by the Internal Revenue Service;

(c) interest, fines and penalties, any and all documentary stamp, recording, transfer, mortgage, intangible, filing or other taxes (other than income taxes) or fees and any and all liabilities incurred by Freddie Mac or the Servicer with respect to or resulting therefrom which may be payable in connection with the execution and delivery of, or the consummation or administration of any of the transactions contemplated by, or any amendment, supplement, or modification of, or any waiver or consent under or in respect of, or any filing of record, recordation, release or discharge of, this Agreement, the Sponsor Documents, the Owner Documents and any other documents related to the transactions contemplated by the Sponsor Documents or the Owner Documents;

(d) any and all fees, costs, charges and expenses (including the reasonable fees and expenses of attorneys, and the fees and expenses of accountants and other experts) which Freddie Mac may pay or incur in connection with any payment under the Series Certificate Agreement, including payments of any fees and charges in connection with any accounts established to facilitate payments under the Series Certificate Agreement, or the performance of Freddie Mac's obligations under the Series Certificate Agreement;

(e) any payments or advances made by Freddie Mac or the Servicer on behalf of the Sponsor pursuant to this Agreement, the other Sponsor Documents, the Owner Documents and any other documents related to the transactions contemplated by the Sponsor Documents or the Owner Documents;

(f) any and all fees, costs, or charges and expenses (including the reasonable fees and expenses of attorneys, and the fees and expenses of accountants and other experts) incurred by Freddie Mac or the Servicer in connection with the administration or enforcement or preservation of rights or remedies under the Sponsor Documents, the Owner Documents and any other documents related to the transactions contemplated by the Sponsor Documents or the Owner Documents or in connection with the foreclosure upon, sale of or other disposition of any security granted pursuant to the Sponsor Documents or the Owner Documents and any other documents related to the transactions contemplated by the Sponsor Documents or the Owner Documents;

(g) all out-of-pocket expenses (including reasonable expenses for legal services) of, or incident to, the preservation of rights under, or enforcement of, any of the provisions of this Agreement, or performance by Freddie Mac of any obligations of the Sponsor in respect of the Hedge Collateral which the Sponsor shall have failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement of Collateral, and defending or asserting rights and claims of Freddie Mac in respect thereof, by litigation or otherwise;

(h) all reasonable out-of-pocket costs and expenses incurred by the Pledge Custodian in connection with the administration and enforcement of Article VIII of this Agreement; and

(i) interest at the Default Rate on any and all amounts referred to in Subsections (a) through (h) above from the date which is five (5) days following the date when due until payment of all such amounts in full,

provided, however, that the Freddie Mac Fee will compensate the Administrator for its fees (but not out of pocket expenses) for the performance of the Administrator's duties pursuant to the Series Certificate Agreement.

Section 3.6 Application and Timing of Payments.

(a) ***Application of Payments***. If the Servicer or Freddie Mac receives on any date less than the full amount that is due and payable on or before that date under Sections 3.2 through 3.5 of this Agreement, the amount received shall be applied in such order as Freddie Mac may, in its sole discretion, determine.

(b) ***Timing of Payments***. Any amount payable to Freddie Mac hereunder shall be deemed paid only to the extent immediately available funds for that purpose are received by Freddie Mac (in any capacity) by 2:00 p.m., Washington, D.C. time, on the due date. Any such amount received after 2:00 p.m., Washington, D.C. time, on its due date shall be treated, and shall accrue interest, as if it were paid at 9:00 a.m., Washington, D.C. time, on the next Business Day.

Section 3.7 [Reserved].

Section 3.8 Payment of Prepayment/Substitution Premium. (a) If the applicable Yield Maintenance Period has not expired, the Sponsor shall pay a Prepayment/Substitution Premium by remitting to Freddie Mac funds in the amount of such Prepayment/Substitution Premium from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement upon any of the following events:

(i) A redemption of a portion of the Class A Certificates as a result of a Release Event pursuant to Section 2.4(c) hereof or Section 3.24 hereof.

(ii) A redemption of any of the Certificates during the Yield Maintenance Period, due to an involuntary prepayment upon acceleration of the Bond Mortgage Note and mandatory redemption of the Bonds under the terms of the applicable Indenture after a Bond Event of Default thereunder but only if and to the extent that a prepayment premium is paid by the Owner in connection with such prepayment of the Bond Mortgage Note;

(iii) The occurrence of (A) a Release Event of an Enhanced Custodial Receipt directed by the Sponsor pursuant to Section 3.23 resulting from a material payment Bond Event of Default under a Bond Mortgage Loan but where there was no contemporaneous payment deficiency on the released Enhanced Custodial Receipt or (B) a substitution of a Substitute Asset due to a Bond Event of Default at the direction of the Sponsor in accordance with Section 3.19 hereof;

(iv) The mandatory tender of the Class A Certificates pursuant to Section 6.04(a) or (b) of the Series Certificate Agreement relating to a Mandatory Tender Event as a result of a Liquidity Provider Termination Event or (if applicable) a Sponsor Act of Bankruptcy;

(v) Upon the substitution of a Substitute Asset for a Pre-Selected Deposited Asset in connection with a sale of the related Mortgaged Property as directed by the Sponsor in accordance with Sections 3.19 and 3.20 hereof; or

(vi) A redemption in whole of the Class A Certificates as a result of a Release Event pursuant to Section 3.21 hereof which occurs on September 15, 2017.

(b) ***Premium Not Payable***. Except under the circumstances described in Sections 2.4(c), 3.8(a), 3.19, 3.20, 3.21, 3.23 and 3.24 hereof, no Prepayment/Substitution Premium shall be payable, including without limitation under the following circumstances: any prepayment occurring as a result of (i) the application of any insurance proceeds or condemnation award under the Bond Mortgage, (ii) a voluntary prepayment of any Bond Mortgage Loan, (iii) redemption or other mandatory prepayment of any Bonds or the Class A Certificates as a result of the entry of any decree or judgment by a court of competent jurisdiction or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be deemed to be final under applicable procedural law, which has the effect of a determination that the interest on such Bonds is includable in the gross income of the recipients thereof for Federal income tax purposes, (iv) exercise by any Class A Certificateholder of its Optional Disposition Right in accordance with Section 7.05 of the Series Certificate Agreement provided that the Class A Certificates so tendered are remarketed and the Sponsor pays the Hypothetical Gain Share related to the exercise of such right, (v) a redemption of Class A Certificates in connection with a Clean-Up Event, or (vi) a Release Event pursuant to Section 3.22 hereof.

Section 3.9 Substitution of Credit Enhancement or Liquidity Facility. The Sponsor acknowledges that it does not have the right to substitute credit enhancement or liquidity for the Class A Certificates.

Section 3.10 Additional Provisions Regarding Prepayment/Substitution Premium. The Sponsor recognizes that any prepayment of the unpaid principal balance of the Class A Certificates for any reason set forth in Section 3.8(a) hereof will result in Freddie Mac's incurring loss, including loss of income, additional expense and frustration or impairment of Freddie Mac's ability to meet its commitments to third parties. The Sponsor agrees to pay from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement, upon demand, damages for the loss caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. The Sponsor therefore acknowledges and agrees that the formula for calculating the Prepayment Premium represents a reasonable estimate of the damages Freddie Mac will incur because of a prepayment. The Sponsor further acknowledges that the Prepayment/Substitution Premium provisions of this Agreement are a material part of the consideration for the Series Certificate Agreement and the Credit Enhancement and Liquidity Facility provided thereunder, and acknowledges that the terms of this Agreement are in other respects more favorable to the Sponsor as a result of the Sponsor's voluntary agreement to the Prepayment/Substitution Premium provisions. Freddie Mac acknowledges and agrees that the Prepayment/Substitution Premium shall be Freddie Mac's sole compensation and remedy for such loss and damage.

Section 3.11 Remarketing Agent for the Class A Certificates. The Sponsor acknowledges that Freddie Mac shall retain, and shall have the ability, in its sole discretion, to remove or replace, the Remarketing Agent. The Sponsor shall not remove or replace the Remarketing Agent without Freddie Mac's prior written consent, which consent shall not be unreasonably withheld.

Section 3.12 Indemnification. The Sponsor shall indemnify and hold harmless Freddie Mac, in its corporate capacity and in its capacity as Pledge Custodian, and its officers, directors, officials, employees, agents, attorneys, accountants, advisors, consultants and servants, past, present or future (each, an "Indemnified Party"), from and against any and all claims, losses, liabilities, damages, penalties, judgments, costs or expenses (including court costs and reasonable attorneys' fees) (collectively, "Losses") arising from any act or omission of the Sponsor, any Sponsor Affiliate, the Remarketing Agent (if an Affiliate of Sponsor) or any of their respective agents, contractors, servants, employees or licensees in connection with any of the Bond Mortgage Loans, the Bond Mortgages, Mortgaged Properties, the Owner Documents, the Sponsor Documents, the Offering Circular, the Series Certificate Agreement in connection with the issuance of the Custodial Receipts, the Certificates or the remarketing of the Class A Certificates; together with all costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Sponsor shall not be required to indemnify any Indemnified Party for damages caused by the willful misconduct, negligence or unlawful acts of such Indemnified Party or for any claims, costs, counsel fees, expenses or liabilities incurred by an Indemnified Party as a result of any action taken by an Indemnified Party at the direction of Freddie Mac. In the event that any action or proceeding is brought, or claim made, against any Indemnified Party, with respect to which indemnity may be sought hereunder, the Sponsor, upon written notice thereof from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel reasonably acceptable to Freddie Mac and the payment of all expenses associated therewith. The Indemnified Party shall have the right to approve a settlement to which it is a party and if the named parties to any such action include both the Sponsor and the Indemnified Party and the Indemnified Party has been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Sponsor, to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Sponsor shall pay or cause to be paid the reasonable fees and expenses of such separate counsel. The provisions of this Section shall survive the termination of this Agreement.

Section 3.13 Freddie Mac Not Liable. None of Freddie Mac's officials, officers, directors, members, shareholders, agents, attorneys, independent contractors or employees shall be responsible for, or liable to, the Sponsor or any of its officials, officers, directors, shareholders, members, partners, affiliates, independent contractors or employees for (a) any act or omission of Freddie Mac or any other Person made in good faith with respect to the validity, sufficiency, accuracy or genuineness of documents, or of any endorsement(s) thereon (except for documents and endorsements provided by Freddie Mac), even if such documents should be in fact, or prove to be in any or all respects, invalid, insufficient, fraudulent or forged; (b) the validity or sufficiency of any instrument transferring or assigning, or purporting to transfer or assign the Series Certificate Agreement or the rights or benefits under the Series Certificate Agreement or proceeds under the Series Certificate Agreement, in whole or in part, that may prove to be invalid or ineffective for any reason; (c) failure of the Administrator to comply fully with all conditions required in order to effect any applicable Advance; (d) errors, omissions, interruptions or delays in transmission or delivery of any messages by the Administrator, by mail, cable, telegraph, telex, telecopier or otherwise that may be required under the Series Certificate Agreement; (e) any loss or delay by the Administrator in the transmission or otherwise of any document or draft required in order to make any Advance; (f) failure of any trustee with respect to the Bonds to comply fully with all terms of the related Bond Documents; or (g) any consequences arising from causes beyond the control of Freddie Mac. In furtherance, and not in limitation of the foregoing, Freddie Mac may accept documents that appear on their face to be valid and in order, without any responsibility for further investigation. None of the above shall affect, impair, or prevent the vesting of any rights or powers of Freddie Mac under this Agreement.

In furtherance and extension, and not in limitation, of the specific provisions set forth above, any action taken or omitted by Freddie Mac (including in its capacity as Bondholder Representative) under or in connection with the Sponsor Documents or any Owner Document, or any related certificates or other documents, if taken or omitted in good faith and not in contravention of the terms hereof, shall be binding upon the applicable Owner, the Bond Trustee, the Issuer, the Sponsor, any Sponsor Affiliate, the Remarketing Agent, the Administrator and the Pledge Custodian, and shall not, under any circumstance, put Freddie Mac under any resulting liability to any of them.

Section 3.14 Pledged Class A Certificates and Class B Certificates.

(a) The Sponsor acknowledges that Pledged Class A Certificates will be purchased by the Administrator on behalf of the Sponsor, and registered in the name of the Pledge Custodian; provided that, to the extent that Freddie Mac has made a Liquidity Advance to purchase such Pledged Class A Certificates, such Pledged Class A Certificates will be pledged to Freddie Mac pursuant to Article VIII of this Agreement.

(b) As a condition to delivery by Freddie Mac of the Series Certificate Agreement, the Sponsor will deliver the Class B Certificates to Freddie Mac, as Pledge Custodian under this Agreement, to be held in the name of the Sponsor for the benefit of Freddie Mac as security for the Obligations of the Sponsor hereunder. Any transfer, pledge or assignment of the Class B Certificates shall be subject to the lien and covenants set forth in Article VIII of this Agreement.

Section 3.15 Other Covenants of Sponsor.

(a) ***Sponsor Documents***. Each of the covenants of the Sponsor set forth in the Sponsor Documents is hereby incorporated in this Agreement by this reference as if fully set forth herein. The Sponsor shall comply with all material terms and conditions of each Sponsor Document to which it is a party or by which it is bound and shall not, without the prior consent of Freddie Mac, provide directions or consents to the Bond Trustee or the Issuer except as otherwise permitted pursuant to the terms hereof and of the Servicing Agreement.

(b) ***Transfer of Project Ownership.*** The Sponsor shall not consent to any transfer of ownership of any Mortgaged Property without the prior written consent of Freddie Mac.

(c) ***Tax–Exempt Status of the Certificates.*** The Sponsor shall not take, or omit to take, any action within its power to take that, if taken or omitted, would jeopardize or adversely affect the exclusion of interest on the Certificates from gross income of the holders thereof for federal income tax purposes.

(d) ***Securities Acts***. The Sponsor shall not take, or omit to take, any action within its power to take that, if taken or omitted, would subject the Certificates to registration under the Securities Act of 1933, or the Series Certificate Agreement to registration under the Trust Indenture Act of 1939 or the Investment Company Act of 1940.

(e) ***Certain Actions With Respect to the Certificates.*** The Sponsor shall not, without the prior written consent of Freddie Mac:

(i) appoint a "Successor Sponsor" (as defined in the Series Certificate Agreement);

(ii) provide its consent or waive any rights under the Series Certificate Agreement or any consents or waivers under the Bond Documents, the rights to which are granted to the Bondholder Representative or the Servicer except as otherwise permitted pursuant to the terms hereof and of the Servicing Agreement;

(iii) consent to amendment to any partnership agreement or other applicable organizational document of an Owner to allow such Owner to own substantial assets other than its Mortgaged Property or to engage in any business activities other than activities related to the ownership and operation of its Mortgaged Property; or

(iv) permit any change in the ownership or control of the Sponsor from the ownership structure in place on the Closing Date, or permit any corporate reorganization to occur that would result in the Sponsor and the Guarantor not being under common control.

(f) ***Amendment of Organizational Documents Of Sponsor.*** The Sponsor agrees not to amend its organizational documents without the prior consent of Freddie Mac.

Section 3.16 Liability of the Sponsor. The obligation of the Sponsor to cause the Administrator and the Pledge Custodian, as applicable, to make any and all payments to Freddie Mac required by this Agreement or any other Sponsor Document shall not be subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. Until the latest of the date on which (i) all the Class A Certificates have been fully paid in accordance with the Series Certificate Agreement, (ii) the Series Certificate Agreement has been terminated in accordance with its terms and (iii) all amounts due and owing to Freddie Mac under this Agreement or any other Sponsor Document shall have been paid, the Sponsor shall continue to have the obligation to perform and observe all of its obligations contained in this Agreement, the Sponsor Documents and all other documents contemplated hereby or thereby.

The obligations of the Sponsor under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation, the following circumstances: (a) any invalidity or unenforceability of any of the Owner Documents, the Sponsor Documents (other than the Series Certificate Agreement) or any other agreement or instrument related to the Owner Documents or the Sponsor Documents (other than the Series Certificate Agreement); (b) any waiver of, or any consent to or departure from, the terms of a Series Certificate Agreement, any of the Owner Documents or the Sponsor Documents, or any other agreement or instrument related to the Owner Documents or the Sponsor Documents, or any extensions of time or other modifications of the terms and conditions for any act to be performed in connection with the Series Certificate Agreement; (c) the existence of any claim, set-off, defense or other right that the Sponsor may have at any time against Freddie Mac, the Servicer, any Issuer, any Bond Trustee, the Guarantor, any Sponsor Affiliate, the Administrator, the Pledge Custodian, the Remarketing Agent or any other Person, whether in connection with this Agreement, any of the other Owner Documents, the Sponsor Documents, the Guaranty, any Mortgaged Property, or any unrelated transaction; (d) the surrender or impairment of any security for the performance or observance of any of the terms of this Agreement, the Owner Documents or the Sponsor Documents; (e) any defect in title to any Mortgaged Property, any acts or circumstances that may constitute failure of consideration, destruction of, damage to or condemnation of any Mortgaged Property, commercial frustration of purpose, or any change in the tax or other laws of the United States of America or of any state or any political subdivision of the same, (f) the breach by Freddie Mac, the Servicer, any Issuer, any Bond Trustee, the Administrator, the Sponsor, any Sponsor Affiliate, the Pledge Custodian, the Remarketing Agent or any other Person of its obligations under any Owner Document, the Guaranty or any Sponsor Document; or (g) any other circumstance, happening or omission whatsoever.

Section 3.17 Waivers and Consents. THE SPONSOR AGREES TO BE BOUND BY THIS AGREEMENT AND, TO THE EXTENT PERMITTED BY LAW, (A) WAIVES AND RENOUNCES ANY AND ALL REDEMPTION AND EXEMPTION RIGHTS AND THE BENEFIT OF ALL VALUATION AND APPRAISAL PRIVILEGES (EXCEPT AS EXPRESSLY PROVIDED IN THE SPONSOR DOCUMENTS) AGAINST THE INDEBTEDNESS AND OBLIGATIONS EVIDENCED BY THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS OR BY ANY EXTENSION OR RENEWAL OF THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS; (B) WAIVES PRESENTMENT AND DEMAND FOR PAYMENT, NOTICES OF NONPAYMENT AND OF DISHONOR, PROTEST OF DISHONOR AND NOTICE OF PROTEST; (C) WAIVES ALL NOTICES IN CONNECTION WITH THE DELIVERY AND ACCEPTANCE OF THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS AND ALL OTHER NOTICES IN CONNECTION WITH THE PERFORMANCE, DEFAULT OR ENFORCEMENT OF THE PAYMENT OF ANY OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS EXCEPT AS REQUIRED BY THIS AGREEMENT OR THE OTHER SPONSOR DOCUMENTS; (D) AGREES THAT ITS LIABILITIES UNDER THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS SHALL BE UNCONDITIONAL AND WITHOUT REGARD TO THE LIABILITY OF ANY OTHER PERSON AND (E) AGREES THAT ANY CONSENT, WAIVER OR FORBEARANCE UNDER THIS AGREEMENT AND THE OTHER SPONSOR DOCUMENTS WITH RESPECT TO AN EVENT SHALL OPERATE ONLY FOR SUCH EVENT AND NOT FOR ANY SUBSEQUENT EVENT.

Section 3.18 Subrogation. The Sponsor acknowledges that, to the extent of any payment made by Freddie Mac in accordance with the Series Certificate Agreement pursuant to the Credit Enhancement or the Liquidity Facility and for which Freddie Mac has not been reimbursed, Freddie Mac is to be fully subrogated, to the extent of such payment and any additional interest due on any late payment, to the rights of the Sponsor to any moneys paid or payable under the applicable Enhanced Bonds, the Enhanced Custodial Receipts, the Certificates or the related Hedge and all security therefor under the Owner Documents and the Sponsor Documents, including the Bond Mortgage. The Sponsor agrees to such subrogation and further agrees to execute such instruments and to take such actions as, in the judgment of Freddie Mac, are necessary to evidence such subrogation and to perfect the rights of Freddie Mac to the extent necessary to provide reimbursement hereunder.

Section 3.19 Substitution. The Sponsor may at its option (subject to the conditions set forth below) substitute at any time, and from time to time, one or more issues (but not more than two issues with respect to each Released Asset (defined below)) of multifamily housing revenue bonds or senior custodial receipts evidencing such bonds (each, a "Substitute Asset") for (a) (i) an Enhanced Custodial Receipt if there exists with respect to the underlying Custodian-Held Bonds a Bond Event of Default (provided that in the event the Bond Event of Default arises from a payment default on the underlying Custodian-Held Bond the Sponsor may only request release of such Enhanced Custodial Receipt and provide a Substitute Asset pursuant to this Section 3.19 if such payment default causes the Enhanced Custodial Receipts to not receive full and current payment) or (ii) for an issue of Enhanced Bonds with respect to which a Bond Event of Default exists, or (b) a Pre-Selected Deposited Asset, solely if the Sponsor has elected to effect a substitution of such Pre-Selected Deposited Asset in connection with the sale of the related Pre-Selected Mortgaged Property pursuant to Section 3.20 hereof. The Enhanced Custodial Receipts or Enhanced Bonds available to be substituted for in accordance with the foregoing sentence (each, a "Released Asset") shall be released from the Series Certificate Agreement in accordance with the terms thereof, and the Substitute Asset(s) shall be deposited with the Administrator pursuant to the terms of the Series Certificate Agreement in accordance with the terms thereof, if each of the following conditions is met:

(a) The Substitute Property meets all of Freddie Mac's then applicable underwriting criteria, program, policy and documentation requirements unless waived in writing by Freddie Mac. In furtherance and not in limitation of the foregoing, Freddie Mac in considering the eligibility of the Substitute Property under such criteria and requirements may take into account a variety of factors, including, but not limited to, local market conditions, portfolio concentration in the market where the Substitute Property is located, the condition and quality of the Substitute Property (which condition and quality shall not be less than the Mortgaged Property to be released (the "Released Project")), the type of Substitute Property (which shall be of the same type as the Released Project), the internal risk rating for such Substitute Property as determined by Freddie Mac (which risk rating as so determined shall be equal to or better than the risk rating (as determined by Freddie Mac) for the Released Project) and pool diversification (the determination of any proposed Substitute Property's eligibility under such criteria and requirement to be in Freddie Mac's sole and absolute discretion);

(b) Freddie Mac shall have been provided by the Servicer (or otherwise) all applicable third party reports required pursuant to the Guide or otherwise required by Freddie Mac, in its sole and absolute discretion, to evaluate the proposed Substitute Property including but not limited to:

(i) An environmental report on the proposed Substitute Property in all respects reasonably satisfactory to Freddie Mac;

(ii) An engineering report on the proposed Substitute Property in all respects reasonably satisfactory to Freddie Mac;

(iii) A survey of the Substitute Property, in all respects reasonably satisfactory to Freddie Mac; and

(iv) An appraisal on the Substitute Property in all respects reasonably satisfactory to Freddie Mac;

(c) Sponsor shall pay all out of pocket fees and expenses of Freddie Mac, including the reasonable costs and expenses of outside counsel in connection with such substitution;

(d) The Substitute Property shall be subject to satisfactory inspection by Freddie Mac;

(e) The underlying bond documents related to the Substitute Property meet Freddie Mac's then-applicable program requirements in all material respects or are otherwise waived by Freddie Mac;

(f) Unless waived by Freddie Mac, the terms of the Substitute Asset, including tax status, maturity, interest rate and interest mode, are substantially consistent with the terms of the Released Asset;

(g) After giving effect to such substitution, the geographic concentration of the Mortgaged Properties is not greater than that prior to the substitution;

(h) The ratio of the unpaid principal balance of the Substitute Asset to the value of the Substitute Property (the "Loan to Value Ratio" or "LTV") at the time of the proposed substitution, as determined by Freddie Mac in accordance with its then current underwriting methodology, is less than or equal to the lesser of (i) the loan to value ratio of the Released Project as of the Closing Date or (ii) the loan to value ratio of the Released Project as of the date of the proposed release of the Released Project as determined by Freddie Mac in accordance with its then existing underwriting methodology and in all events the Loan to Value Ratio does not exceed 85%;

(i) The ratio of the net operating income and the annual debt service (the "Debt Service Coverage" or "DCR") for the Substitute Property for the last twelve (12) calendar months preceding the proposed substitution, calculated in accordance with Freddie Mac's then-existing underwriting methodology, is greater than or equal to the greater of (i) the Debt Service Coverage for the Released Project as of the Closing Date for the Released Project or (ii) the current Debt Service Coverage for the Released Project for the prior twelve (12) calendar months, calculated in accordance with Freddie Mac's underwriting methodology employed by Freddie Mac in determining the Debt Service Coverage for the Substitute Property and in all events the Debt Service Coverage is not less than 1.15%;

(j) If the proposed Substitute Asset is a custodial receipt relating to a series bonds and/or a mortgaged project that would not otherwise meet Freddie Mac's underwriting criteria and requirements but for the delivery of the bonds into a custodial receipt arrangement, the DCR/LTV of such bonds and mortgaged project prior to such delivery must equal at least a DCR/LTV of 1.05x/95%, as determined by Freddie Mac, in addition to the Substitute Asset meeting all other substitution requirements;

(k) No Event of Default shall exist and there shall have been no related Bond Event of Default with respect to such Substitute Asset during the immediately preceding twelve (12) month period;

(l) Contemporaneously with the request for a substitution, Sponsor shall pay to Freddie Mac a deposit to cover third party costs and fees and a mortgage review fee of the greater of $5,000 per substituted property or .10% of the unpaid principal balance of the Substitute Asset. On or prior to the closing date for the substitution, the Sponsor shall pay Freddie Mac a substitution fee (i) equal to the greater of $5,000 or 0.25% of the unpaid principal balance of the Substitute Asset(s) (with a credit for the mortgage review fee previously paid) for a substitution relating to a Bond Event of Default or (ii) equal to the greater of $50,000 or 0.50% of the unpaid principal balance of the Substitute Asset(s) (with a credit for the mortgage review fee previously paid) for a substitution relating to a substitution of a Pre-Selected Deposited Asset pursuant to Section 3.20. In addition, the Sponsor shall pay the reasonable fees and out-of-pocket expenses of outside counsel, appraisers, environmental professionals and engineers, plus all reasonable out-of-pocket costs and expenses incurred by Freddie Mac in connection with the foregoing. Such amounts shall be paid on or prior to the closing date of such substitution. If such substitution fails to close, Sponsor shall pay Freddie Mac such reasonable fees and out-of-pocket expenses within (30) days of Sponsor's receipt of invoices therefor;

(m) If the unpaid principal balance of the Substitute Asset is less than the unpaid principal balance of the Released Asset (a "Contraction") the Sponsor shall pay any applicable Total Release Price with respect to the principal portion of the Released Asset that is in excess of the principal amount of the Substitute Asset(s) as and when required by the Series Certificate Agreement, and if the Contraction is greater than 5%, then, in addition to the fees required under Section 3.19(i) above, Sponsor shall pay or cause to be paid a Prepayment/Substitution Premium to Freddie Mac on the amount by which the unpaid principal balance of the Released Asset exceeds the unpaid principal balance of the Substitute Asset(s) on the date of substitution;

(n) The Sponsor and Freddie Mac shall have executed an addendum to this Agreement and any related agreements to reflect the substitution contemplated hereby; and

(o) Freddie Mac shall have received an opinion of Bond Counsel acceptable to Freddie Mac to the effect that such substitution does not adversely affect the exclusion of interest accrued on the related Certificates from gross income of the holders thereof for federal income tax purposes.

(p) If requested by Freddie Mac, Freddie Mac shall have received a 704(b) analysis with respect to the ownership of the Substitute Property which is satisfactory to Freddie Mac in its sole discretion.

Section 3.20 Release Event Upon Sale of Pre-Selected Mortgaged Property. On or after the date which is thirty-six (36) months after the Closing Date, the Sponsor may elect, solely in connection with a sale of a Pre-Selected Mortgaged Property to a party that is not a Sponsor Affiliate and which party does not elect to assume the indebtedness of the related Bonds, to effect a substitution of the related Pre-Selected Deposited Asset in accordance with Section 3.19 and direct Freddie Mac to declare a Release Event for such purpose; provided, however, the Sponsor shall only have the right to effect a substitution of up to two Pre-Selected Deposited Asset pursuant to this Section 3.20. In connection with any election under this Section 3.20, the Sponsor shall also satisfy the following conditions:

(i) the Sponsor shall cause to be funded to Freddie Mac any applicable Prepayment/Substitution Premium required under Sections 3.8(a) and 3.19 hereof;

(ii) the Sponsor shall provide reasonably satisfactory evidence to Freddie Mac that the applicable Pre-Selected Mortgaged Property is under contract for sale, the proposed purchaser of such Pre-Selected Mortgaged Property is not a Sponsor Affiliate and the proposed purchase price is the market price for such Pre-Selected Mortgaged Property;

(iii) the Sponsor shall provide satisfactory evidence to Freddie Mac that the proposed purchaser is electing to payoff the related Bonds in connection with the sale; and

(iv) the Sponsor shall cause to be provided to Freddie Mac all fees required pursuant to Section 3.19 hereof.

Section 3.21 Optional Series Pool Release Date. The Sponsor shall have the right, subject to the following terms and provided no Event of Default has occurred and is continuing, to direct Freddie Mac to exercise its right (provided the Class A Certificates then bear interest at a Weekly Reset Rate or Monthly Reset Rate) to cause a Release Event with respect to all (but not less than all) Deposited Assets held under the Series Certificate Agreement on an Optional Series Pool Release Date by giving written notice of such election to Freddie Mac not less than ninety (90) days prior to such Optional Series Pool Release Date. Freddie Mac shall only exercise its right to cause such a Release Event to occur on an Optional Series Pool Release Date if by no later than the fifth (5th) Business Days prior to such Optional Series Pool Release Date the Sponsor shall have either (i) caused to be deposited with Freddie Mac in immediately available funds an amount necessary to pay in full the resulting Total Release Price due under the terms of the Series Certificate Agreement, together with amounts sufficient to pay all Obligations of the Sponsor due hereunder (including any Prepayment/Substitution Premium due pursuant to Section 3.8(a) hereof if the Optional Series Pool Release Date occurs on September 15, 2017) and any obligations of the Sponsor due under any other Sponsor Document or (ii) the Sponsor shall have provided evidence of the establishment of an escrow arrangement for the payment of the same satisfactory to Freddie Mac, in its sole discretion. Such monies provided by the Sponsor to Freddie Mac shall be applied as provided pursuant to the terms of the Series Certificate Agreement to effect such Release Event and the terms hereof to reimburse Freddie Mac for any amounts then due hereunder.

Section 3.22 Rights of Sponsor Upon Freddie Mac Downgrade. If the rating of the long-term senior debt of Freddie Mac is reduced below "A-" by the Rating Agency (which event shall constitute a material adverse credit condition under this Agreement), the Sponsor shall have the right to direct Freddie Mac to exercise its right (provided the Class A Certificates then bear interest at a Weekly Reset Rate or Monthly Reset Rate) to cause a Release Event with respect to all (but not less than all) Deposited Assets held under the Series Certificate Agreement. If the Sponsor elects to exercise such right by giving not less than thirty (30) days written notice to Freddie Mac, Freddie Mac shall exercise its right to cause such a Release Event to occur promptly following receipt by the Administrator of immediately available funds from the Sponsor in an amount necessary to pay in full the resulting Total Release Price due under the terms of the Series Certificate Agreement, together with amounts sufficient to pay all Obligations of the Sponsor due hereunder and any obligations of the Sponsor due under any other Sponsor Document. Such monies provided by the Sponsor to the Administrator shall be applied as provided pursuant to the terms of the Series Certificate Agreement and the terms hereof.

Section 3.23 Release Event Upon Bond Event of Default. In addition to the Sponsor's rights under Section 3.19 hereof, if a material monetary event of default exists with respect to a series of Bonds and remains uncured for the shorter of (i) sixty (60) days or (ii) two consecutive scheduled payment dates (or such shorter period of time consented to by Freddie Mac), the Sponsor may direct Freddie Mac to declare a Release Event with respect to the related Deposited Asset and shall fund, or cause the funding of, the purchase of such Deposited Asset (which funding by, or caused by, the Sponsor shall be accomplished in accordance with Section 7.3(a) hereof and applicable provisions of the Series Certificate Agreement); provided, however, the Sponsor shall only have the right to cause a Release Event with respect to a Deposited Asset pursuant to this Section 3.23 if the Sponsor has funded, or caused the funding of, such Release Event within sixty (60) days of the date on which the right to direct a Release Event with respect to such Deposited Asset first arises under this Section 3.23. In connection with any Release Event pursuant to this Section 3.23 that involves an Enhanced Custodial Receipt and a situation where the payment default on the underlying Bonds has not also resulted in a contemporaneous payment deficiency with respect to such Enhanced Custodial Receipt, the Sponsor shall also cause to be funded to Freddie Mac prior to the release date the Prepayment/Substitution Premium required pursuant to Section 3.8(a)(iii) hereof.

Section 3.24 Release of the Villages at Lost Creek Senior Custodial Receipt RA-7-2. In the event the Sponsor shall fail to provide evidence satisfactory to Freddie Mac that the Villages at Lost Creek Mortgaged Property has qualified for and received a 100% real estate tax abatement prior to the date that is eighteen (18) months following the Closing Date or if a non-appealable determination is made prior to such time that the tax abatement does not apply or if Freddie Mac otherwise determines in its reasonable discretion prior to such time that such tax abatement will not be granted (any of which events shall constitute a material adverse credit condition under this Agreement), Freddie Mac, in its sole discretion, shall have the right to cause a Release Event of the Senior Custodial Receipt designated RA-7-2 (the "RA-7-2 Senior Custodial Receipt") and the Sponsor shall fund, or cause the funding of, the Total Release Price of such Release Event from amounts on deposit in the Villages at Lost Creek Escrow Account or from other amounts provided by the Sponsor (which funding shall be applied as provided in the Series Certificate Agreement). Any amounts expended by Freddie Mac in connection with a Release Event pursuant to this Section 3.24 and not reimbursed from amounts on deposit in the Villages at Lost Creek Escrow Account (or otherwise funded by the Sponsor) shall be deemed a Credit Advance for purposes of this Agreement and shall be reimbursed as provided in Section 3.2 hereof. In connection with a Release Event pursuant to this Section 3.24, the Sponsor shall cause to be funded to Freddie Mac on or prior to the release date the Prepayment/Substitution Premium required pursuant to Section 3.8(a)(i) hereof. Upon release from the Series Pool pursuant to this Section 3.24, the RA-7-2 Senior Custodial Receipt shall be delivered to the Custodian and exchanged for a Subordinate Custodial Receipt to be designated RB-7-2 pursuant to Section 2.11 of the Custody Agreement.

Section 3.25 Loans by Guarantor or Its Affiliates. The Guarantor or an affiliate of the Guarantor may make a subordinate loan or loans to an Owner and enforce the terms of such loans if the such loan is made in accordance with the terms of this Section 3.25. Freddie Mac acknowledges that the making of such loan(s) by the Guarantor and their enforcement is not a breach of a covenant or a representation under this Agreement provided that:

(a) the Guarantor shall provide notice of such subordinate loan to Freddie Mac and the Servicer no later than 30 days prior to the funding of such loan (each notice shall include a representation as to the purpose of the subordinate loan),

(b) such subordinate loan shall be made only to fund shortfalls in operating expenses or to pay debt service on the related Bonds,

(c) the enforcement of remedies with respect to such subordinate loan(s) shall be done solely with Freddie Mac's prior consent, and

(d) such subordinate loan: (i) is not secured by the applicable Mortgaged Property or an interest in the applicable Owner, (ii) is payable solely from 75% of surplus cash with respect to the related Mortgaged Property (as determined in accordance with Freddie Mac's program standards), (iii) has a maturity date which extends beyond the maturity date on the related Bonds, and (iv) otherwise conforms to Freddie Mac's then applicable program, policies and underwriting criteria for soft subordinate debt.

Section 3.26 Credit Advances; Real Estate Taxes. In the event any real estate taxes are assessed on a Mortgaged Property (including, but not limited to, South Park and Lost Creek) and are not timely paid when due by either the Owner or the Sponsor (irrespective of whether the Owner or the Sponsor is contesting such assessment), Freddie Mac shall have the right (but not the obligation) to pay such taxes and such expenditure by Freddie Mac shall be treated as a Credit Advance hereunder to reimbursed from the sources and in the priority established in accordance with the provisions of this Agreement and Section 4.03 of the Series Certificate Agreement. The foregoing notwithstanding, any such real estate taxes due but unpaid with respect to the Villages at Lost Creek Mortgaged Property shall be paid first from amounts available therefor under the Villages at Lost Creek Escrow Agreement, subject to and in accordance with the terms thereof.

ARTICLE IV
AGREEMENT TO EXCHANGE

Section 4.1 Exchange. Freddie Mac agrees to exchange the Certificates for the Deposited Assets in accordance with and subject to the terms and provisions of this Agreement. In consideration for the transfer of ownership and possession of the Deposited Assets from the Sponsor to Freddie Mac, Freddie Mac shall simultaneously deliver to the Sponsor the Class A Certificates issued pursuant to the Series Certificate Agreement and deliver the Class B Certificates to the Pledge Custodian for the benefit of the Sponsor, all of which Class B Certificates shall be subject to the pledge described in Section 8.1 hereof, and which shall be held in custody by the Pledge Custodian in accordance with the terms of this Agreement. With respect to the Deposited Assets, the Sponsor is transferring and assigning to Freddie Mac all of its right, title and interest in and to such Deposited Assets together with all interest due thereon from and after September 1, 2010 (such transfer and assignment being intended as an absolute assignment to Freddie Mac of all of the Sponsor's ownership, right, title and interest in such Deposited Assets from such date forward, and not as a collateral assignment or pledge of such Deposited Assets).

Section 4.2 Mandatory Delivery; Ownership; Registration of Transfer. No later than the Closing Date (the "Delivery Deadline"), the Sponsor shall complete the delivery of the Deposited Assets to Freddie Mac in accordance with this Agreement, and ownership of the Deposited Assets shall pass from the Sponsor to Freddie Mac on the Closing Date as provided in Section 4.1. The Sponsor shall execute and deliver any instrument necessary or appropriate to effect or evidence the transfer and delivery of all the Sponsor's interest in and to the Deposited Assets to Freddie Mac, and shall fully and promptly cooperate with Freddie Mac, and take any necessary action, to cause the ownership of the Deposited Assets to be registered in the name of Freddie Mac.

Section 4.3 Failure to Deliver. If the Sponsor fails to deliver the Deposited Assets to Freddie Mac or fails to comply fully with any precondition to Freddie Mac's obligation to exchange Certificates for the Deposited Assets on or before the Closing Date, Freddie Mac shall have no obligation to exchange Certificates for the Deposited Assets, and the Sponsor shall promptly reimburse Freddie Mac for all of its out-of-pocket expenses in connection with the proposed transaction, including, but not limited to, Freddie Mac's legal and financial modeling costs.

ARTICLE V
INTEREST RATE PROTECTION

Section 5.1 Hedge Requirement.

(a) ***Hedge Requirement***. To protect against fluctuations in interest rates, Sponsor shall deliver to Freddie Mac and shall make arrangements for third-party Hedge Agreements to be in place and maintained at all times, with respect to the Class A Certificates during any period in which the Class A Certificates bear interest at a Weekly Reset Rate or Monthly Reset Rate. The Hedge Agreement with respect to the Class A Certificates shall take the form of one or more Caps that meet the requirements of this Article V. The initial Hedge Agreement with respect to the Class A Certificates shall be three Caps with counterparties acceptable to Freddie Mac. Each initial Cap shall have a termination date of September 15, 2017 and a Strike Rate of 3%. The combined notional amount of the initial Caps shall equal the Initial Certificate Balance of the Class A Certificates on the Closing Date and shall decline based upon the scheduled amortization of the Class A Certificates. The initial Caps shall otherwise satisfy the terms hereof.

(b) ***Expiration of Hedge***. Not later than the day following the expiration of the term of any Hedge, if a Subsequent Hedge is required pursuant to Section 5.1(a), the Sponsor shall deliver or cause to be delivered a Subsequent Hedge Agreement from a Counterparty acceptable to Freddie Mac.

(c) ***Terms of Subsequent Hedge***. Except as otherwise permitted by Sections 5.2, 5.7 or otherwise consented to by Freddie Mac, each Subsequent Hedge shall be a Cap and shall have a term equal to the lesser of five (5) years or the remaining term of the related Series Pool; provided, however, solely with respect to the Cap to be provided by the Sponsor immediately following the expiration of the initial Caps, the Sponsor may provide a Cap with a termination date of September 15, 2020, and in the event the Sponsor makes such election, amounts remaining in the Cap Fee Escrow shall be credited in part towards the Sponsor's obligations with respect to funding the Cap Fee Escrow for the term of such Cap.

(d) ***Documentation***. Each Hedge and Subsequent Hedge shall be with a Counterparty acceptable to Freddie Mac. Prior to seeking any bids from any Counterparty for a Subsequent Hedge, the Sponsor shall obtain the prior written consent of Freddie Mac. Each Hedge shall be evidenced and governed by such documents (the "Hedge Documents") as shall be in form and content be acceptable to, Freddie Mac. Without limiting the generality of the foregoing, each Hedge Agreement shall satisfy the requirements of Section 5.2.

(e) ***Performance Under Hedge Documents***. The Sponsor shall comply fully with, and otherwise perform when due, its respective obligations under all Hedge Documents. The Sponsor shall not exercise without Freddie Mac's prior written consent, and shall exercise at Freddie Mac's direction, any rights or remedies under any Hedge Document.

(f) ***Termination; Transfer***. The Sponsor shall not terminate, transfer nor consent to any transfer of any existing Hedge without Freddie Mac's prior written consent as long as the Sponsor is required to maintain a Hedge with respect to the Class A Certificates pursuant to this Agreement. Prior to termination of an existing Hedge on a date prior to its scheduled termination date, the Sponsor shall, so long as a Weekly Reset Rate or Monthly Reset Rate is in effect, obtain a new Hedge satisfying the terms of this Agreement. Any new Hedge must be effective on or before or on the date immediately following the last date on which the existing Hedge is in effect. In no event shall the Sponsor terminate the Hedge if in connection with such termination Freddie Mac would be required to pay a termination fee pursuant to the Hedge, unless Freddie Mac expressly consents to the payment of such termination fee.

(g) ***Hedge Assignment; Delivery of Payments***. The Sponsor shall assign to Freddie Mac each Hedge in effect from time to time pursuant to this Agreement. The Counterparty shall make all its payments to Freddie Mac to be allocated to the payment of fees, expenses, reimbursements and other Obligations of the Sponsor hereunder, and in no event paid to Class A Certificates. Any amounts received by the Sponsor from the Counterparty pursuant to the Hedge Agreement shall be paid by the Sponsor to Freddie Mac immediately and until paid to Freddie Mac, shall be held in trust for the benefit of Freddie Mac until applied in accordance with the terms of Article VIII hereof.

(h) ***Notice of Expiration***. Not less than six (6) months prior to the expiration of each Hedge delivered hereunder, if a Subsequent Hedge will be required pursuant to Section 5.1(a), the Sponsor shall provide Freddie Mac written notice of the proposed terms of the Hedge expected to be delivered by the Sponsor to replace the expiring Hedge.

Section 5.2 Hedge Agreement Terms.

(a) ***Hedge Agreement Payment Terms***. For each Hedge related to the Class A Certificates, the Counterparty shall pay a floating amount computed in accordance with the Hedge Documents to the extent the Index Rate exceeds the fixed cap rate (the "Strike Rate"). For each Subsequent Hedge Agreement, the Strike Rate must not exceed 4% per annum (and shall not exceed 3% per annum with respect to the initial Caps) or shall otherwise be acceptable to Freddie Mac. Each Hedge must provide for monthly settlement on the fifteenth day of each month with a grace period of no longer than three (3) Business Days. If the SIFMA Index Rate is not published on any reset date under the Hedge, the Counterparty must determine an appropriate index as a substitute for the SIFMA Index Rate on each such reset date. The index so determined shall provide a rate of interest that is equivalent to the prevailing rate of interest borne by bonds that are rated in the highest short-term rating category by Moody's and S&P for issuers of not less than five "high grade" component issuers selected by the Counterparty which shall include, without limitation, issuers of general obligation bonds, and that are subject to tender by holders thereof for purchase on not more than seven (7) days notice and the interest on which is (a) variable, determined on a weekly basis, (b) excludable from gross income for federal income tax purposes, and (c) not subject to a "minimum tax" or similar tax unless all tax-exempt bonds are subject to such tax.

(b) ***Notional Principal Amount of Hedge***. The initial notional amount of any Hedge shall be equal to the Current Class A Certificate Balance immediately prior to the commencement of the applicable Hedge Period.

(c) ***[Reserved].***

(d) ***Cap Fee Escrow***. From amounts received with respect to the Pledged Security Collateral, the Pledge Custodian on behalf of the Sponsor shall pay to the Servicer for deposit to a Cap Fee Escrow monthly on the fifteenth (15th) day of each month (commencing on the fifteenth (15h) day of the month next preceding the date that is sixty (60) months prior to the expiration of each existing Hedge), an amount that will result in the accumulation by the expiration of the existing Hedge, without regard to earnings from investments of amounts in the Cap Fee Escrow, of funds estimated by Freddie Mac to be sufficient to pay the cost of a Cap with a term of five years in a notional amount that will equal the outstanding principal amount of the Class A Certificates at such time (provided, if the Sponsor makes the election as provided in Section 5.1(c) to provide a 3-year cap upon expiration of the initial Caps provided hereunder, then payments to the Cap Fee Escrow for the following escrow period shall begin 36 months prior to the expiration thereof, but nevertheless the monthly deposits to the Cap Fee Escrow shall be those estimated to be sufficient to pay the cost of a Cap with a term of five years). During the first twelve (12) months after the commencement of deposits required hereunder, the monthly deposit shall be equal to a fraction, the numerator of which is 125% of the estimated cost of the Cap required hereunder and the denominator of which 60. Thereafter, the amount of the monthly deposit shall be recomputed by Freddie Mac annually based upon the Freddie Mac's estimation of the cost of such Cap times 125% minus amounts already on deposit in the applicable Cap Fee Escrow divided by the number of months remaining until to the related expiration date of the preceding Hedge.

Amounts on deposit in the Cap Fee Escrow shall be invested and reinvested by the Servicer only in the following, having maturities of no more than six months:

(i) Bank accounts or certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation.

(ii) Direct obligations of the U.S. Government, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Fannie Mae or the Federal Farm Credit Bank.

(iii) Obligations, the interest on which is excludable from gross income for federal income tax purposes, with a "Moody's Investment Grade One" rating or bonds the interest on which is excludable from gross income for purposes of federal income taxation, that are rated not lower than "AA" or "Aa" by either S&P or Moody's respectively, if only one rating from those agencies has been obtained, and if both agencies have rated the obligations or bonds, not lower than "Aa" or "AA," as applicable; provided, however, not more than 10% of the total issue of any such obligations may be purchased and issues of at least $20,000,000 in total issue size must be selected.

(iv) Commercial paper with a rating of at least "A-1" by S&P and at least P-1 by Moody's.

(v) Corporate notes and bonds with a rating of at least "AA" and "Aa" from S&P and Moody's.

(vi) Shares or other interests in mutual funds that invest exclusively in (A) instruments the interest on which is exempt from federal income taxation and which are rated by at least one nationally recognized statistical rating agency in one of that agency's two highest rating categories or (B) any of the categories of investments described in paragraphs (i) through (v) above.

During any period the Class A Certificates have been converted with the prior written consent of Freddie Mac to bear interest at a Term Reset Rate and no Hedge is required to be maintained pursuant to Section 5.1 of this Agreement, and provided no Event of Default is existing hereunder, any amounts then held on deposit in the Cap Fee Escrow shall be distributed to the Sponsor upon a written request therefor delivered to the Servicer and Freddie Mac.

(e) ***Additional Collateral***. Each Hedge Agreement shall provide that if the long-term, unsecured and unsubordinated indebtedness of the Counterparty shall cease to be rated at least A1 by Moody's or A+ by S&P (or Aa1 by Moody's or AA+ by S&P in the case of counterparties that are insurance companies) or such indebtedness shall cease to be rated by Moody's or S&P, then such party's obligations under the Hedge Agreement shall be required to be collateralized on such terms and conditions as are acceptable to Freddie Mac including without limitation the delivery of cash collateral to a Trustee. If the Counterparty fails to escrow collateral as provided in the Hedge Agreement, the Sponsor shall enter into a Subsequent Hedge within thirty (30) days after such failure to escrow collateral.

Section 5.3 Failure to Deliver Subsequent Hedge.

If:

(a) the Sponsor fails to deliver a Subsequent Hedge as required by this Agreement, or

(b) the Sponsor has indicated that it will obtain a Subsequent Hedge and has not provided to Freddie Mac and the Servicer a copy of the executed and delivered Subsequent Hedge when required by Section 5.1(b),

then Freddie Mac at its option, may

(i) purchase a Subsequent Hedge upon such terms as it deems satisfactory in its own name or for the account of the Sponsor with funds on deposit in the Cap Fee Escrow, and if funds in the Cap Fee Escrow are insufficient for that purpose, Freddie Mac may advance the insufficient amount, which advance shall be deemed a Credit Advance; or

(ii) treat such failure by the Sponsor as an Event of Default.

If Freddie Mac exercises its right under clause (i) and is reimbursed with interest its Credit Advance within the time required by Section 3.2 hereof after it gives notice to the Sponsor that Freddie Mac purchased the Subsequent Hedge, the failure of the Sponsor to obtain the Hedge shall no longer constitute an Event of Default.

The Sponsor hereby appoints Freddie Mac as its attorney-in-fact, with full authority in the place and stead of the Sponsor and in the name of the Sponsor, from time to time in Freddie Mac's discretion, to take any action and to execute any instrument which Freddie Mac may reasonably deem necessary or advisable to accomplish the purposes of this Section 5.3. The power of attorney established pursuant to this Section 5.3 shall be deemed coupled with an interest and shall be irrevocable.

Section 5.4 [Reserved].

Section 5.5 Pledge and Assignment of Security Interest in Hedge Collateral. To secure the Obligations, the Sponsor hereby assigns, pledges and grants a security interest to Freddie Mac in and to all of its right, title and interest in and to the following (collectively, the "Hedge Collateral"):

(a) the Hedge Agreement and any Subsequent Hedge Agreements;

(b) any and all moneys (collectively, "Hedge Payments") payable to the Sponsor, from time to time, pursuant to the Hedge Agreements or any Subsequent Hedge Agreements by the Counterparty thereunder;

(c) the Cap Fee Escrow;

(d) all rights of the Sponsor under any of the foregoing, including all rights of the Sponsor to the Hedge Payments and all contract rights and general intangibles now existing or hereafter arising with respect to any or all of the foregoing;

(e) all rights, liens, security interests and guarantees now existing or hereafter granted by the Counterparty, or any other person, to secure or facilitate payment of the Hedge Payments;

(f) all documents, writings, books, files, records and other documents arising from, or relating to, any of the foregoing, whether now existing or hereafter created;

(g) all extensions, renewals and replacements of the foregoing; and

(h) all cash and non-cash proceeds and products of any of the foregoing, including, without limitation, interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of the other Hedge Collateral.

Section 5.6 Obligations Remain Absolute. Nothing contained herein shall relieve the Sponsor of its primary obligation to pay or cause to be paid all amounts due in respect of the Obligations, subject to Section 9.11.

Section 5.7 Swap Option. The Sponsor may in the future request Freddie Mac's consent to the delivery of an interest rate swap agreement (a "Swap") instead of a Cap as an interest rate hedge to satisfy its obligations under this Article V; provided, however, (a) the fixed interest rate to be paid by the Sponsor with respect to such Swap shall not exceed the lesser of (i) 4% per annum or (ii) the applicable market rate at the time of pricing the Swap and (b) any such Swap shall meet all of Freddie Mac's requirements for Swaps credit enhanced by Freddie Mac. Any such request shall be in writing delivered to Freddie Mac and be accompanied by a review fee of $5,000 payable to Freddie Mac, which fee shall be nonrefundable. The granting of any such request shall be subject to Freddie Mac's re-pricing of the Freddie Mac Fee as determined by Freddie Mac in its sole discretion at such time. All documentation in connection with any such request (including any amendment to this Agreement entered into by the parties in connection with the granting of such request) shall be in form and substance acceptable to Freddie Mac. The Sponsor shall be responsible for paying any reasonable legal fees or expenses incurred by Freddie Mac in connection with such request, whether or not such request is approved.

ARTICLE VI
UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

This Agreement is also a security agreement under the Uniform Commercial Code with respect to the Hedge Collateral as provided in Article V and the Pledged Security Collateral as provided in Article VIII and all funds and accounts and investments thereof now or hereafter held by the Administrator under the Series Certificate Agreement (to the extent of any retained interested by the Sponsor therein) and all funds and accounts and investments thereof now or hereafter held for the benefit of Freddie Mac under the Repair Escrow Agreement, the Ohio Portfolio Escrow Agreement and the Villages at Lost Creek Escrow Agreement and all cash and non-cash proceeds thereof (collectively, "UCC Collateral"), and the Sponsor hereby grants to Freddie Mac a security interest in the UCC Collateral as security for all Obligations due under this Agreement and under any of the Sponsor Documents. The Sponsor shall execute and deliver to Freddie Mac, upon Freddie Mac's request, financing statements, continuation statements and other account agreements and amendments, in such form as Freddie Mac may require to perfect or continue the perfection of this security interest. The Sponsor shall pay or cause to be paid all filing costs and all costs and expenses of any record searches for financing statements that Freddie Mac may reasonably require. Except as otherwise permitted herein, without the prior written consent of Freddie Mac, the Sponsor shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. The Sponsor covenants and agrees that it will defend Freddie Mac's rights and security interests created by this Article against the claims and demands of all Persons. If an Event of Default has occurred and is continuing, subject to Article VII hereof, Freddie Mac shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Agreement or existing under applicable law. In exercising any remedies, Freddie Mac may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of the other remedies available to Freddie Mac.

ARTICLE VII
EVENTS OF DEFAULT; REMEDIES

Section 7.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) Freddie Mac, as provider of credit enhancement and as liquidity provider, does not receive any amount payable under this Agreement when due, including, without limitation, any fees, costs or expenses (provided that if the Administrator or Pledge Custodian has such amounts in its possession pursuant to the Series Certificate Agreement or this Agreement and is directed thereunder or hereunder to pay such amounts to Freddie Mac, such occurrence will not be an Event of Default);

(b) the Sponsor shall fail to perform its obligations under Section 3.15;

(c) the Sponsor shall fail to observe or perform in all material respects any other term, covenant, condition or agreement set forth in this Agreement, and such failure shall continue, and remain uncured, for a period of thirty (30) days following notice to the Sponsor of such failure, or actual knowledge by the Sponsor of such failure; provided, however, in the event such failure shall relate to a non-monetary term, covenant, condition or agreement that can be corrected but not within thirty (30) days, such failure shall not constitute an Event of Default hereunder if corrective action is instituted by the Sponsor within thirty (30) days and diligently pursued until such failure is cured, provided such failure must be cured not later than ninety (90) days after the initial date of such failure;

(d) the Sponsor shall fail to observe or perform in all material respects any other term, covenant, condition or agreement set forth in any of the other Sponsor Documents, or there shall otherwise occur an event of default caused by the Sponsor under any of the other Sponsor Documents (taking into account any applicable cure period);

(e) Freddie Mac shall have given the Sponsor written notice that Pledged Class A Certificates have not been remarketed as of the sixtieth (60th) day following purchase by the Administrator on behalf of the Sponsor, and Freddie Mac has not been reimbursed for the applicable Liquidity Advance, together with interest thereon, or has not been paid in full all fees and other amounts due to Freddie Mac under this Agreement;

(f) failure to pay principal of, and interest on, any Bond Purchase Loan when due pursuant to Section 7.03(b) hereof;

(g) the interest rate on the Bonds shall be converted to a variable interest rate mode without the prior written consent of Freddie Mac;

(h) failure of the Sponsor to deliver a Subsequent Hedge or replacement Hedge as required under Article V;

(i) an "event of default" by the institution providing the Hedge occurs under any Hedge Documents and the Sponsor does not provide a Subsequent Hedge within 10 Business Days;

(j) the Guarantor fails to perform its obligations when required under the Guaranty;

(k) Article VIII of this Agreement, or the validity or enforceability thereof, shall be contested by the Sponsor or any Class B Beneficial Owner, or the Sponsor, or any Class B Beneficial Owner shall deny that it has any further obligation under Article VIII of this Agreement or any instrument delivered thereunder, or that its beneficial interest in the Class B Certificates is subject to or subordinate to the terms of this Agreement, as applicable, prior to the termination of this Agreement;

(l) any representation made by the Sponsor in Sections 2.1(uu), 2.2(a)(iii), 2.2(a)(iv), 2.2(a)(v), 2.2(a)(vi) or 2.2(a)(vii) or in Section 8.10 of this Agreement shall prove to have been incorrect in any material respect when made (the breach of other representations made by the Sponsor herein shall not constitute an "Event of Default" but shall be dealt with pursuant to Section 2.4 hereof); or

(m) a subordinate loan is made by the Guarantor or an affiliate of the Guarantor not in accordance with Section 3.25 hereof.

Section 7.2 Remedies; Waivers.

(a) ***Remedies***. Upon the occurrence of an Event of Default, (i) Freddie Mac may declare all of the Obligations hereunder to be immediately due and payable, in which case all such Obligations shall become due and payable, without presentment, demand, protest or notice of any kind, including notice of default, notice of intent to accelerate or notice of acceleration; (ii) at the written direction of a Freddie Mac Authorized Officer, the Pledge Custodian shall deliver all Pledged Security Collateral to Freddie Mac; (iii) Freddie Mac may, or the Pledge Custodian at the written direction of a Freddie Mac Authorized Officer shall, without further notice, exercise all rights, privileges or options pertaining to the UCC Collateral as if Freddie Mac were the absolute owner thereof, upon such terms and conditions as Freddie Mac may determine, all without liability except to account for property actually received by Freddie Mac or the Pledge Custodian (but neither Freddie Mac nor the Pledge Custodian shall have any duty to exercise any of those rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing); and (iv) Freddie Mac may, or the Pledge Custodian at the written direction of a Freddie Mac Authorized Officer shall, exercise in respect of the UCC Collateral, in addition to other rights and remedies provided for in this Agreement or otherwise available to it, all of the rights and remedies of a secured party under the Uniform Commercial Code and also may, without notice except as specified below, sell the UCC Collateral at private sale, at any of the offices of Freddie Mac or the Pledge Custodian or elsewhere, for cash, on credit or for future delivery, and upon such other terms as may be commercially reasonable. The Sponsor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' prior notice to the Sponsor of the time after which any private sale is to be made shall constitute reasonable notification. Neither Freddie Mac nor the Pledge Custodian shall be obligated to make any sale of UCC Collateral regardless of notice of sale having been given. Freddie Mac may, or the Pledge Custodian at the written direction of a Freddie Mac Authorized Officer shall, adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Freddie Mac shall also have the right to provide notice to the Administrator of a Liquidity Provider Termination Event, in which event the funds advanced by Freddie Mac to purchase Class A Certificates shall be a Credit Advance and immediately due and payable hereunder. In addition to the foregoing, Freddie Mac shall have the right to take such action at law or in equity, without notice or demand, as it deems advisable to protect and enforce the rights of Freddie Mac against the Sponsor in and to the UCC Collateral, including, but not limited to, (i) the exercise of any rights and remedies available to Freddie Mac under any of the Sponsor Documents and (ii) the right to cause a mandatory tender of all Certificates and to require that the Sponsor elect to fund or cause the funding of the purchase of such Certificates.

Notwithstanding anything contained in this Section 7.2 to the contrary, following an Event of Default and prior to any liquidation of the UCC Collateral, the Class B Beneficial Owners shall continue to be the beneficial owner(s) of all Class B Certificates, and the Sponsor shall continue to be the beneficial owner of all Purchased Assets, Pledged Class A Certificates and other Pledged Security Collateral, subject to all liens in favor of Freddie Mac created by this Agreement.

(b) ***Application of Proceeds***. The Pledge Custodian shall apply the cash proceeds actually received from any sale or other disposition of the Pledged Security Collateral as follows: (a) first, to reimburse the Pledge Custodian for the reasonable expenses of preparing for sale, selling and the like and to reasonable attorneys' fees and expenses and legal expenses incurred by the Pledge Custodian in connection therewith, (b) second, to Freddie Mac to be applied to the repayment of all amounts then due and unpaid on the Obligations and (c) then, to pay the balance, if any, to (i) if the Pledged Security Collateral being disposed of is a Class B Certificate, the Sponsor (or any permitted transferee thereof under Section 8.19), or (ii) if the Pledged Security Collateral being disposed of is Pledged Security Collateral other than a Class B Certificate, the Sponsor, or (iii) as otherwise required by law. The Sponsor shall not be liable for any deficiency, subject to Section 9.11(b) of this Agreement, which sets forth circumstances under which personal liability applies to the Sponsor, if the proceeds of any final sale or other disposition of the Pledged Security Collateral and any other security provided by the Sponsor for its Obligations hereunder is insufficient to pay the Obligations.

(c) ***Waivers***. Freddie Mac shall have the right, to be exercised in its discretion, to waive any Event of Default under this Agreement. Unless such waiver expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence which gave rise to the Event of Default so waived and not to any other similar event or occurrence which occurs subsequent to the date of such waiver.

Section 7.3 Rights with Respect to Defaults under Bond Mortgages; Bond Purchase Loan.

(a) ***Exercise of Right of Sponsor to Fund or Cause Funding in Connection with Release Event.*** Upon the occurrence of a Release Event under the Series Certificate Agreement and the exercise by Freddie Mac of its right to cause a purchase of the related series of Deposited Assets, the Sponsor shall have the right (or where the Sponsor directs Freddie Mac to cause a Release Event pursuant to Sections 3.20, 3.21, 3.22 or 3.23 the obligation) economically to fund or cause the funding of the purchase of such Deposited Assets as provided in this Section 7.3(a). If the Sponsor elects to exercise any such right by giving notice to Freddie Mac, the Sponsor shall provide or cause to be provided sufficient immediately available funds to Freddie Mac to fund the Total Release Price of the affected Deposited Assets not later than 11:00 a.m. Washington, D.C. time, on the Business Day prior to the Release Event Date designated by Freddie Mac. If the Sponsor makes such election or directs Freddie Mac to declare a Release Event pursuant to the terms hereof and fails to provide or cause to be provided such funds to Freddie Mac when required, such Release Event shall be cancelled. All moneys provided or caused to have been provided by the Sponsor to Freddie Mac for the purchase of Deposited Assets, shall be applied as provided in the Series Certificate Agreement.

(b) ***Exercise of Purchase Right by Freddie Mac***. Upon the occurrence of a Release Event with respect to the Deposited Assets, Freddie Mac shall have the right to fund the purchase of the related series of Deposited Assets if the Sponsor declines or fails to exercise properly its right to fund or cause funding with respect to the same. Prior to any exercise of such right, Freddie Mac shall provide written notice to the Sponsor (the "Freddie Mac Purchase Notice") not less than fifteen (15) days prior to the proposed Release Event Date (or such lesser time period necessary for the Release Event under Section 13.04 of the Series Certificate Agreement) identifying each series of Deposited Assets giving rise to a Release Event, the circumstances giving rise to such Release Event and the proposed purchase date and stating that the Sponsor may elect to fund or cause the funding of such purchase of the affected series of Deposited Assets.

In the event the Sponsor elects to fund or cause the funding of the purchase of the affected series of Deposited Assets, the provisions of subsection (a) above shall apply.

In the event the Sponsor does not elect to fund or cause the funding of the purchase of the affected series of Deposited Assets, and Freddie Mac does not decide to terminate the Release Event, the affected series of Deposited Assets are required to be purchased with funds drawn pursuant to the Credit Enhancement by Freddie Mac under the Series Certificate Agreement, and such Deposited Assets shall be delivered to the Pledge Custodian and held in the name of the Pledge Custodian as applicable for the benefit of the Sponsor subject to the lien in favor of Freddie Mac. All such moneys for the purchase of such Deposited Assets shall be applied as provided in Series Certificate Agreement.

Any Credit Advance by Freddie Mac under this Section 7.3(b) to fund the purchase of an affected series of Deposited Assets, shall be deemed to be a loan from Freddie Mac to the Sponsor (a "Bond Purchase Loan"). The maturity date of any Bond Purchase Loan shall be the earliest of (1) two years from the date of purchase, or (2) the sale or transfer of all of the affected series of Deposited Assets, or the foreclosure, deed in lieu of foreclosure or comparable conversion of the related Bond Mortgage, on which maturity date the outstanding principal of such Bond Purchase Loan shall be due and payable in full, or (3) the date of termination of the Series Pool in whole in accordance with Article XIII of the Series Certificate Agreement. (Any Bond Purchase Loan may be prepaid by the Sponsor at any time.) Interest on any Bond Purchase Loan shall accrue at a rate of interest equal to the prime rate of interest of Citibank, N.A., until such time as another "Money Center" bank is designated by Freddie Mac in its sole discretion by notice to the Sponsor, plus two percent (2%) per annum, which shall be payable on the fifteenth day of each calendar month. The principal of any Bond Purchase Loan shall be payable from amounts applied as provided in Section 4.03(b) of the Series Certificate Agreement except, prior to the payment in full of all Class A Certificates under the Series Certificate Agreement and prior to the termination thereof, the principal of any outstanding Bond Purchase Loan shall not be payable (nor be deemed due for payment) from amounts applied pursuant to the aforementioned Section 4.03(b) if such amounts are derived from a Credit Advance by Freddie Mac in connection with a subsequent Release Event. The principal of any outstanding Bond Purchase Loan shall also be payable from any payments of principal in respect of a Purchased Asset pursuant to Article VIII hereof. At any time prior to the Sponsor's funding of the purchase of such Deposited Assets or causing to fund the same, (i) Freddie Mac shall retain all rights and remedies with respect to any such Mortgaged Property and the related Owner Documents and (ii) the Sponsor hereby acknowledges and agrees that it has relinquished and has no rights to exercise remedies with respect to the Mortgaged Property or the related Owner Documents except as specifically provided under any Sponsor Documents and that with respect thereto the Sponsor shall not exercise any such rights without the prior written consent of Freddie Mac.

(c) ***Certain Release Events Regarding Enhanced Custodial Receipts.*** Notwithstanding any other provision of this Agreement, a Release Event with respect to an Enhanced Custodial Receipt attributable solely to a payment default on the underlying series of Bonds may only be declared by Freddie Mac if such payment default is to such an extent that the Enhanced Custodial Receipt is not being paid in full. Freddie Mac shall not declare a Release Event, except at the direction of the Sponsor in accordance with Section 3.23 hereof, if only the related Subordinate Custodial Receipt is not being paid in full but the Enhanced Custodial Receipt is being so paid.

(d) ***Material Adverse Credit Condition***. Freddie Mac hereby acknowledges that a Release Event may not be declared solely because the DCR or LTV of a Mortgaged Property (as defined in Section 3.19 hereof) related to a Deposited Asset worsens following the Closing Date, and that any such event shall not in and of itself be treated as a "material adverse credit condition" for such purpose. The foregoing statement does not in any way alter or change the DCR and LTV requirements for Substitute Assets specified in Section 3.19 hereof.

Section 7.4 No Remedy Exclusive. Unless otherwise expressly provided, no remedy conferred upon or reserved in this Agreement is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under the Sponsor Documents or existing at law or in equity. No delay or omission to exercise any right or power accruing under any Sponsor Document upon the happening of any event set forth in Section 7.1 shall impair any such right or power or shall be construed to be a waiver of such event, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Freddie Mac to exercise any remedy reserved to Freddie Mac in this Article, it shall not be necessary to give any notice, other than such notice as may be required under the applicable provisions of any of the other Sponsor Documents. The rights and remedies of Freddie Mac specified in this Agreement are for the sole and exclusive benefit, use and protection of Freddie Mac, and Freddie Mac is entitled, but shall have no duty or obligation to the Sponsor, the Guarantor, any Sponsor Affiliate, the Pledge Custodian, the Administrator or otherwise, (a) to exercise or to refrain from any right or remedy reserved to Freddie Mac hereunder, or (b) to cause the Pledge Custodian, the Administrator or any other party to exercise or to refrain from exercising any right or remedy available to it under any of the Sponsor Documents.

ARTICLE VIII
PLEDGE, SECURITY AND CUSTODY OF PLEDGED SECURITY COLLATERAL

Section 8.1 Pledged Security Collateral. To secure the payment to Freddie Mac in full of all Obligations now or hereafter existing under this Agreement, the Sponsor shall cause to be deposited with the Pledge Custodian all of the Class B Certificates on the date of delivery of the Series Certificate Agreement. Subject to the provisions of Section 8.18, the Sponsor hereby assigns and pledges to the Pledge Custodian, and grants to the Pledge Custodian, for the benefit of Freddie Mac, a continuing security interest in, and a lien on, all of the Sponsor's right, title and interest in and to the following property (collectively, the "Pledged Security Collateral"):

(a) all Purchased Assets;

(b) the Class B Certificates issued pursuant to the Series Certificate Agreement;

(c) all Pledged Class A Certificates;

(d) all interest and other amounts payable on, and all rights with respect to, any Purchased Assets, Class B Certificates and Pledged Class A Certificates (including, without limitation, all payments of principal and interest thereon); and

(e) all proceeds of any of the foregoing.

Section 8.2 Delivery of Pledged Security Collateral. On the Closing Date, and at such time as a Class A Certificate becomes a Pledged Class A Certificate or a Deposited Asset becomes a Purchased Asset in accordance with the Series Certificate Agreement, and this Agreement, subject to and except as permitted by the provisions of Section 8.19, the Sponsor shall be the beneficial owner of each of the Class B Certificates, Pledged Class A Certificates and Purchased Assets, as applicable, which, regardless of the identity of the beneficial owner thereof, shall be held by the Pledge Custodian subject to the security interest created by the terms of this Agreement. All Pledged Security Collateral shall be deposited in the Custody Account (as defined in Section 8.11 below). The Pledge Custodian shall cause the Purchased Assets, the Class B Certificates and the Pledged Class A Certificates, as applicable, to be registered in the name of the Pledge Custodian or, if transfers are recorded in book-entry form only, cause the appropriate records of the applicable financial intermediary to reflect that the Pledge Custodian holds a security interest in the Purchased Assets, the Class B Certificates and the Pledged Class A Certificates, as applicable, for the benefit of Freddie Mac.

Section 8.3 Amounts Received on Class B Certificates and Pledged Class A Certificates.

(a) Provided that (i) no Advance has been made pursuant to the Series Certificate Agreement and remains unreimbursed, (ii) all fees and any other amounts due and owing to Freddie Mac under this Agreement have been paid and (iii) the Pledge Custodian has not received a written notice from Freddie Mac that an Event of Default has occurred and is continuing under this Agreement, subject to the provisions of Sections 8.3(b) and 8.3(c) and the Series Certificate Agreement, then the Pledge Custodian shall pay to the Sponsor within one (1) Business Day of receipt all amounts received by the Pledge Custodian with respect to the Class B Certificates, and to the Sponsor all amounts received by the Pledge Custodian with respect to any Pledged Class A Certificates until the Class B Certificates and all Pledged Class A Certificates are released in accordance with the terms of this Agreement.

(b) If an Advance has been made pursuant to the Series Certificate Agreement and remains unreimbursed, or if all fees and any other amounts due and owing to Freddie Mac under this Agreement have not been paid, or if the Pledge Custodian receives a written notice from Freddie Mac that an Event of Default has occurred and is continuing under this Agreement, the Pledge Custodian shall pay, *first,* to Freddie Mac within one (1) Business Day of receipt such amounts received by the Pledge Custodian with respect to the Class B Certificates and any Pledged Class A Certificates as are equal to the amount of any such unreimbursed Advance or other amounts due and owing to Freddie Mac under this Agreement and, *second*, subject to the provisions of Section 8.3(c) and the Series Certificate Agreement, the balance, if any, to the Sponsor (or permitted transferees as provided in Section 8.19) or, with respect to Pledged Class A Certificates, the Sponsor, as applicable, until the Class B Certificates and all Pledged Class A Certificates are released from the Custody Account in accordance with the terms of this Agreement.

(c) Before making any payments to the Sponsor (or permitted transferees as provided in Section 8.19) pursuant to this Section 8.3, the Administrator shall confirm the aggregate amounts of the Freddie Mac Fee, and the Remarketing Agent Fee paid directly, or caused to be paid, by the Sponsor since the immediately preceding date on which payments were made to the Sponsor (or permitted transferees as provided in Section 8.19) pursuant to this Section 8.3 (the "Sponsor Paid Expenses"). For purposes of such confirmation, the Administrator shall be entitled to rely on a statement setting forth such Sponsor Paid Expenses (separately and in the aggregate) delivered by facsimile by the Sponsor to the Pledge Custodian at least two (2) Business Days prior to the date payments are to be made pursuant to this Section 8.3. Notwithstanding any other provision of this Agreement or the Series Certificate Agreement (including without limitation Section 4.03(a)(viii) of the Series Certificate Agreement) with respect to any Class B Certificate, distributions that would otherwise be made to a permitted transferee of the Sponsor as provided in Section 8.19 shall be reduced by an amount equal to the product of (i) the Sponsor Paid Expenses and (ii) the ratio of the Current Certificate Balance of such Class B Certificate held by the permitted transferee, to the Aggregate Outstanding Class B Certificate Balance (the "Allocable Expense Amount"), and such Allocable Expense Amount shall be paid by the Pledge Custodian to the Sponsor.

Section 8.4 Amounts Received on Purchased Assets. The Pledge Custodian shall pay to Freddie Mac within one (1) Business Day all amounts received by the Pledge Custodian with respect to any Purchased Assets, for credit to the obligations of the Sponsor hereunder, until such Purchased Assets are released to the Sponsor in accordance with the terms of Section 8.5 of this Agreement.

Section 8.5 Release of Purchased Asse. If the Pledge Custodian has received written notice from Freddie Mac that Freddie Mac (provided no written notice shall be required when Freddie Mac is also acting as the Pledge Custodian) has been fully reimbursed by the Sponsor for all Obligations relating to a Purchased Asset (and Freddie Mac agrees to give such notice promptly following full reimbursement), that no Advances remain unreimbursed, that all fees and other amounts currently owing to Freddie Mac have been paid and that no Event of Default exists hereunder, the Pledge Custodian shall release such Purchased Asset together with the proceeds thereof remaining in the possession of the Pledge Custodian, if any, to the Sponsor. The release of such Purchased Asset shall be free and clear of the security interest created by this Agreement.

Section 8.6 Release of Class B Certificates and Pledged Class A Certificates. If the Pledge Custodian has received written notice from Freddie Mac (provided no written notice shall be required when Freddie Mac is also acting as the Pledge Custodian) that Freddie Mac has been fully reimbursed by the Sponsor for all Obligations relating to any Available Remarketing Class A Certificate (and Freddie Mac agrees to give such notice promptly following full reimbursement), the Pledge Custodian shall release such Available Remarketing Class A Certificate to the Administrator for delivery to the Sponsor or, if applicable, in connection with a remarketing to the purchasers of such Pledged Class A Certificates; provided, however, that in no event will a Pledged Class A Certificate that is not an Available Remarketing Class A Certificate be released from the pledge of this Agreement until the date of termination of the pledge of all Class B Certificates pursuant to Section 8.18. The Pledge Custodian shall not release any Class B Certificates to the Sponsor (or any permitted transferee thereof under Section 8.19) until the date of termination of the pledge of the Class B Certificates pursuant to Section 8.18 unless the Pledge Custodian receives prior written direction from Freddie Mac with respect to the release of all or a portion of the Class B Certificates. The release of any Pledged Class A Certificate or Class B Certificate, as applicable, shall be free and clear of the security interest created by this Agreement. If directed in writing by Freddie Mac if an Event of Default exists, the Pledge Custodian shall deliver Pledged Class A Certificates that are not Available Remarketing Class A Certificates to the Administrator for cancellation in exchange for the Deposited Assets related thereto as soon as such Deposited Assets have been received by the Pledge Custodian from the Administrator. Any such Deposited Assets so received shall be held hereunder as Purchased Assets and notice thereof shall be provided to the Sponsor.

Section 8.7 Loss to Pledged Security Collateral. The Pledge Custodian shall not be liable for any loss with respect to any Pledged Security Collateral in its possession (except for any loss resulting from the Pledge Custodian's willful misconduct or negligence), nor shall such loss diminish the Obligations.

Section 8.8 [Reserved].

Section 8.9 Ownership Restrictions. Notwithstanding any provisions of this Agreement, ownership by and release to the Sponsor (or any permitted transferee thereof under Section 8.19) of any Pledged Security Collateral as described hereunder shall be in all respects subject to the provisions of any documents restricting or governing transfers and ownership of such Pledged Security Collateral.

Section 8.10 Representations and Warranties of the Sponsor to the Pledge Custodian. The Sponsor represents and warrants to the Pledge Custodian on the Closing Date, subject to and except as permitted by the provisions of Section 8.19, and on each date that Purchased Assets, Class B Certificates or Pledged Class A Certificates are delivered to the Pledge Custodian hereunder with respect to such Purchased Assets, Class B Certificates and Pledged Class A Certificates that:

(a) it is the legal and beneficial owner of (and has full right and authority to pledge and assign) the applicable Pledged Security Collateral, free and clear of all liens, security interests, options or other charges or encumbrances (collectively, "**Liens**") except Liens granted pursuant to this Agreement; and

(b) upon delivery of the Pledged Security Collateral to the Pledge Custodian (or notice to the financial intermediary, if applicable), the Pledge Custodian shall have a valid, enforceable and first priority security interest in all of the Pledged Security Collateral securing the Obligations.

Section 8.11 Custody Account. On or prior to the Closing Date, the Pledge Custodian shall establish on its books and in its records the Custody Account. The Pledge Custodian shall maintain the Custody Account until the termination of this Agreement. At no time shall the Custody Account be maintained on behalf of, or be payable to, any person other than Freddie Mac. The Sponsor and any Class B Beneficial Owner shall not have any right of withdrawal from the Custody Account. No property other than Pledged Security Collateral shall be deposited by the Pledge Custodian in the Custody Account. Segregation of the Pledged Security Collateral in the Custody Account from other property maintained with the Pledge Custodian shall be accomplished by appropriate identification on the Pledge Custodian's books and records. The Pledge Custodian shall, at all times prior to the termination of this Agreement, maintain a record of all Purchased Assets, Class B Certificates, Pledged Class A Certificates and other property in the Custody Account separately identifying such Purchased Assets, Class B Certificates, Pledged Class A Certificates, or other property received with respect thereto as being subject to the security interest granted to the Pledge Custodian on behalf of Freddie Mac in this Agreement. So long as the internal procedures set forth in this Section are met by the Pledge Custodian, the Pledge Custodian may hold the Pledged Security Collateral in its vaults or in a commingled account (whether book-entry or otherwise) of the Pledge Custodian, as agent for its customers, with any bank, central depository or clearing organization as the Pledge Custodian's subcustodian, in nominee name or otherwise.

Section 8.12 Appointment and Powers of the Pledge Custodian.

(a) The Sponsor acknowledges the appointment of Freddie Mac in its capacity as the Pledge Custodian as collateral agent for Freddie Mac in its corporate capacity under this Agreement, and authorizes the Pledge Custodian to take such actions on behalf of Freddie Mac, and to exercise such rights, remedies, powers and privileges under this Agreement as are specifically authorized to be exercised by the Pledge Custodian by the terms of this Agreement. The Pledge Custodian may execute any of its duties as collateral agent under this Agreement by or through its agents (but only with the prior written consent of Freddie Mac) or employees and shall be entitled to retain experts (including counsel) and to act in reliance upon the advice of such experts concerning all matters pertaining to the agencies created by this Agreement and its duties under this Agreement, and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel selected by it. The Pledge Custodian agrees to perform only those duties specifically set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement. So long as Freddie Mac is acting as Pledge Custodian hereunder, it shall have no duty to provide notice to, or seek the consent or direction of, Freddie Mac in its corporate capacity.

(b) The Pledge Custodian shall have no duty to exercise any discretionary right, remedy, power or privilege granted to it by this Agreement, or to take any affirmative action under this Agreement, unless directed to do so by Freddie Mac in writing, and shall not, without the prior written approval of Freddie Mac, consent to any departure by the Sponsor from the terms of this Agreement, waive any default on the part of the Sponsor under this Agreement or amend, modify, supplement or terminate, or agree to any surrender of, this Agreement or the Pledged Security Collateral; provided, that the Pledge Custodian shall not be required to take any action that exposes the Pledge Custodian to personal liability, or which is contrary to this Agreement or any other agreement or instrument relating to the Pledged Security Collateral or applicable law.

(c) Neither the Pledge Custodian nor any of its directors, officers, employees or agents, shall be liable for any action taken or omitted to be taken by it or them under this Agreement, or in connection with this Agreement, except the Pledge Custodian shall be responsible for its own negligence or willful misconduct; nor shall the Pledge Custodian be responsible for the validity, effectiveness, value, sufficiency or enforceability against the Sponsor of this Agreement or any other document furnished pursuant to this Agreement or in connection with this Agreement, or of the Pledged Security Collateral (or any part thereof), or for the perfection or priority of any security interest purported to be granted under this Agreement.

(d) The Pledge Custodian shall be entitled to rely on any communication, instrument, paper or other document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. The Pledge Custodian shall be entitled to assume that no Event of Default shall have occurred and be continuing, unless the Pledge Custodian has received written notice from Freddie Mac that such an Event of Default has occurred and is continuing and specifying the nature of the Event of Default. The Pledge Custodian may accept deposits from, lend money to, and generally engage in any kind of business with, the Sponsor and its Affiliates as if it were not the agent of Freddie Mac.

(e) None of the provisions contained in this Article VIII shall require the Pledge Custodian to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Article VIII except for any liability of the Pledge Custodian arising from its own negligence or willful misconduct.

(f) Notwithstanding any other provisions in this Agreement to the contrary, in no event shall the Pledge Custodian be liable for special, consequential or punitive damages.

Section 8.13 Successor Pledge Custodian.

(a) If Freddie Mac no longer acts as Pledge Custodian, if required by the successor pledge custodian or Freddie Mac, the Sponsor and the successor pledge custodian shall execute a new pledge, security and custody agreement that contains substantially the same terms as Article VIII of this Agreement and which is in form and substance satisfactory to Freddie Mac. The Pledge Custodian acting under this Agreement may at any time resign by an instrument in writing addressed and delivered to the Sponsor and, if applicable, Freddie Mac (provided, however, that, if the Pledge Custodian (if other than Freddie Mac) is Administrator under the Series Certificate Agreement, the Pledge Custodian must have resigned as Administrator under the Series Certificate Agreement), and may be removed at any time with or without cause by an instrument in writing duly executed by or on behalf of Freddie Mac.

(b) Freddie Mac shall have the right to appoint a successor Pledge Custodian upon any such resignation or removal by an instrument of substitution complying with the requirements of applicable law, or, in the absence of any such requirements, without formality other than appointment and designation in writing (which appointment, provided no Event of Default exists hereunder, shall be subject to the prior consent of the Sponsor, which consent shall not be unreasonably withheld). Upon the making and acceptance of such appointment, the execution and delivery by such successor Pledge Custodian of a ratifying instrument pursuant to which such successor Pledge Custodian agrees to assume the duties and obligations imposed on the Pledge Custodian by the terms of this Agreement, and the delivery to such successor Pledge Custodian of the Pledged Security Collateral and documents and instruments then held by the retiring Pledge Custodian, such successor Pledge Custodian shall thereupon succeed to and become vested with all the estate, rights, powers, remedies, privileges, immunities, indemnities, duties and obligations by this Agreement granted to or conferred or imposed upon the Pledge Custodian named in this Agreement, and any such appointment and designation shall not exhaust the right to appoint and designate further successor Pledge Custodians under this Agreement. No Pledge Custodian shall be discharged from its duties or obligations under this Agreement until the Pledged Security Collateral and documents and instruments then held by such Pledge Custodian shall have been transferred or delivered to the successor Pledge Custodian, and until such retiring Pledge Custodian shall have executed and delivered to the successor Pledge Custodian appropriate instruments assigning the retiring Pledge Custodian's security or other interest in the Pledged Security Collateral to the successor Pledge Custodian. The retiring Pledge Custodian shall not be required to make any representation or warranty in connection with any such transfer or assignment.

(c) If no successor Pledge Custodian shall be appointed, as provided above, or, if appointed, shall not have accepted its appointment within thirty (30) days after the resignation or removal of the retiring Pledge Custodian, then the retiring Pledge Custodian may appoint a successor Pledge Custodian. Each such successor Pledge Custodian shall provide the Sponsor and Freddie Mac with its address, to be used for purposes of Section 9.6, in a notice complying with the terms of Section 9.6. Notwithstanding the resignation or removal of any retiring Pledge Custodian under this Agreement, the provisions of this Agreement shall continue to inure to the benefit of such Pledge Custodian in respect of any action taken or omitted to be taken by such Pledge Custodian in its capacity as such while it was Pledge Custodian under this Agreement.

Section 8.14 Qualifications of Pledge Custodian. Any Pledge Custodian at any time acting under this Agreement must at all times be either Freddie Mac or a bank or trust company organized under the laws of the United States of America or any state of the United States, having a combined capital stock, surplus and undivided profits aggregating at least $50,000,000 (or be the wholly-owned subsidiary of a corporation or other entity meeting such requirement) or have at least $500,000,000 in assets under trust management.

Section 8.15 Application of Proceeds. The Pledge Custodian shall apply the cash proceeds actually received from any sale or other disposition of the Pledged Security Collateral following an Event of Default as provided in Section 7.2(b).

Section 8.16 No Additional Waiver Implied by One Waiver. If any provision of this Article VIII is breached by the Sponsor and thereafter waived by the Pledge Custodian, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under this Article VIII; provided that no waiver of any breach or default hereunder may be granted by the Pledge Custodian without the prior written consent of Freddie Mac. Any forbearance by the Pledge Custodian to demand payment for any amounts payable under this Article VIII shall be limited to the particular payment for which the Pledge Custodian forbears demand for payment and will not be deemed a forbearance to demand any other amount payable under this Article VIII.

Section 8.17 Cooperation. At any time, and from time to time after the date of this Agreement, the Sponsor shall, at the request of the Pledge Custodian or Freddie Mac (if not serving as Pledge Custodian), execute and deliver any instruments or documents, including U.C.C. financing and continuation statements in favor of the Pledge Custodian, reflecting the Pledge Custodian's security interest in the Pledged Security Collateral, and shall take all such further actions as such party may reasonably request in order to consummate and make effective the transactions contemplated by this Agreement.

Section 8.18 Termination. The assignments, pledges and security interests created or granted by this Article VIII shall terminate contemporaneously with the termination of this Agreement, at which time the Pledge Custodian shall reassign, without recourse to, or any warranty whatsoever by the Pledge Custodian, and deliver to the Sponsor (or permitted transferees thereof under Section 8.19), as applicable, all Pledged Security Collateral and documents then in the custody or possession of the Pledge Custodian, and, if requested by the Sponsor, shall execute and deliver to the Class B Beneficial Owners in accordance with Sections 8.5 and 8.6, all Pledged Security Collateral and documents then in the custody or possession of the Pledge Custodian, and, if requested by the Sponsor, shall execute and deliver to the Sponsor for recording or filing in each office in which any assignment or financing statement relative to the Pledged Security Collateral or the agreements relating thereto, or any part thereof, shall have been filed or recorded, a termination statement or release under applicable law (including, if relevant, the U.C.C.) releasing the Pledge Custodian's interest therein, and such other documents and instruments as the Sponsor may reasonably request, all without recourse to or any warranty whatsoever by the Pledge Custodian, and at the cost and expense of the Sponsor. Freddie Mac shall notify the Pledge Custodian in writing of any such termination, and the Pledge Custodian shall be entitled to rely upon such notice.

Section 8.19 Transfers. Notwithstanding any other provision of this Agreement or any other Sponsor Document, subject to the provisions of the Series Certificate Agreement regarding (i) the delivery of an investor letter and (ii) the requirement that any transfer of a beneficial ownership interest in the Class B Certificates shall be made only in accordance with or subject to an exemption from, the Securities Act of 1933, as amended, the Sponsor and any transferee thereof shall be permitted to transfer any portion of its beneficial ownership interest in Class B Certificates (provided the Sponsor shall at all times maintain the Minimum Sponsor Interest). Any beneficial ownership interest in a Class B Certificate transferred, and all proceeds thereof, shall nonetheless remain Pledged Security Collateral subject to the security interest created by this Agreement, and each transferee shall be deemed to have agreed to each and every provision of this Agreement, including without limitation (a) the assignment and pledge to the Pledge Custodian and grant to the Pledge Custodian, for the benefit of Freddie Mac, of a continuing security interest in and a lien on, all of its right, title and interest in and to the Class B Certificates acquired and all proceeds thereof, pursuant to Section 8.1 and (b) the appointment and powers of the Pledge Custodian as collateral agent for Freddie Mac as set forth in this Article VIII. In addition, the Pledge Custodian shall have no duty to ascertain the identity of any transferee of a beneficial ownership interest in the Class B Certificates, and shall make all payments with respect to any Class B Certificate that is permitted to be paid to the Sponsor only to the Sponsor or a single entity designated by the Sponsor in accordance with the written instructions thereof. The Pledge Custodian shall be permitted to rely on and assume the accuracy of any such instructions.

Section 8.20 Representations and Warranties of the Pledge Custodian. The Pledge Custodian represents and warrants to the Sponsor that:

(i) it has the power and authority to execute and deliver, and perform its obligations under, this Agreement;

(ii) all corporate action required to authorize the acceptance of its appointment as Pledge Custodian hereunder and the execution, delivery and performance of this Agreement and the effectuation of the transactions provided for in this Agreement has been duly taken; and

(iii) this Agreement has been duly and validly executed by the Pledge Custodian and constitutes the valid and binding obligation of the Pledge Custodian, enforceable against the Pledge Custodian in accordance with its terms, subject only to bankruptcy and other similar laws affecting creditors' rights generally and general principles of equity.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Counterparts. This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original, and all such counterparts shall constitute one and the same instrument.

Section 9.2 Amendments, Changes and Modifications. This Agreement may be amended, changed, modified, altered or terminated only by a written instrument or written instruments signed by the parties to this Agreement. No course of dealing among the Sponsor and Freddie Mac, nor any delay in exercising any rights hereunder, shall operate as a waiver of any rights of Freddie Mac hereunder. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance, and for the specific purpose for which given.

Section 9.3 Payment Procedure. All amounts due to Freddie Mac under Article III of this Agreement shall be paid to Freddie Mac. All such payments shall be paid in lawful currency of the United States of America and in immediately available funds in accordance with instructions given to the Sponsor by Freddie Mac to an account designated in writing by Freddie Mac before 2:00 p.m. (Washington, D.C. time) on the date when due, unless the Sponsor is otherwise instructed in writing by Freddie Mac.

Section 9.4 Payments on Business Days. In any case where the date of payment to Freddie Mac or the expiration of any time period hereunder occurs on a day which is not a Business Day, then such payment or expiration of such time period need not occur on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the day of maturity or expiration of such period, except that interest shall continue to accrue for the period after such date to the next Business Day.

Section 9.5 Governing Law; Severability. This Agreement shall be construed, and the rights and obligations of Freddie Mac and the Sponsor hereunder determined, in accordance with federal statutory or common law ("federal law"). Insofar as there may be no applicable rule or precedent under federal law and insofar as to do so would not frustrate the purposes of any provision of this Agreement and the Freddie Mac Act, the local law of the State of New York shall be deemed reflective of federal law. The parties agree that any legal actions among Freddie Mac and the Sponsor regarding each party hereunder shall be originated in the United States District Court in and for the Eastern District of Virginia, and the parties hereby consent to the jurisdiction and venue of said Court in connection with any action or proceeding initiated concerning this Agreement.

The invalidity or enforceability of any provision of this Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

***Section 9.6 Notices*.** All notices, directions, certificates or other communications hereunder to Freddie Mac or the Sponsor shall be deemed to be given (unless another form of notice shall be specifically set forth in this Agreement) on the Business Day following the date on which the same shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt for overnight delivery service) with arrangements made for payment of all charges, for next Business Day delivery, addressed as set forth below. All notices, directions, certificates or other communications to the Pledge Custodian or the Administrator shall be given and addressed in accordance with this Agreement and the Series Certificate Agreement.

Freddie Mac: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
McLean, Virginia 22102-3110
Attention: Director of Multifamily Management and Information Control
Control
Facsimile: (703) 714-3273
Telephone: (703) 903-2000

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102-3110
Attention: Associate General Counsel – Negotiated
Transactions
Facsimile: (703) 903-3693
Telephone: (703) 903-2000

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

Sponsor: ATAX TEBS I, LLC
1004 Farnam Street, Suite 400
Omaha, NE 68102
Attention: Chad L. Daffer
Facsimile: (402) 930-3047
Telephone: (402) 930-3085

With a copy to:
Thomas Mcleay, Esq., General Counsel
1004 Farnam Street, Suite 400
Omaha, Nebraska 68102
Attention: Chad L. Daffer
Phone: 402.930.3085
Fax: 402.930.3047

with a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Patricia A. Burdyny
Facsimile: (402) 346-1148
Telephone: (402) 346-6000

Section 9.7 Further Assurances and Corrective Instruments. To the extent permitted by law, the parties to this Agreement agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to this Agreement and such further instruments as Freddie Mac may request and as may be reasonably required in the opinion of Freddie Mac or its counsel to effectuate the intention of or to facilitate the performance of this Agreement or any other Sponsor Document.

Section 9.8 Term of this Agreement. The term of this Agreement (the "Term") shall continue in full force and effect, and Sponsor shall not be released from liability under this Agreement until the later of (a) the Terminating Mandatory Tender Date, (b) the date on which Freddie Mac has no further liability (accrued or contingent) under the Series Certificate Agreement and (c) the date on which Freddie Mac has been paid all amounts due it under this Agreement, under the other Sponsor Documents and otherwise with respect to the Obligations. Notwithstanding such termination, the provisions of Sections 2.1, 2.2, 2.4 and Section 3.12 hereof shall survive the expiration or termination of this Agreement.

Section 9.9 Assignments; Transfers; Third-Parties Rights. The Sponsor shall not assign this Agreement, or delegate any of its obligations hereunder, without the prior written consent of Freddie Mac. This Agreement may not be transferred in any respect without the prior written consent of Freddie Mac. Nothing in this Agreement shall confer any right upon the owner or holder of any Certificate or upon any other Person other than the parties hereto and their successors and permitted assigns.

Section 9.10 Headings. Article and section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.11 Limitation on Personal Liability.

(a) Except as otherwise provided in Section 9.11(b), neither the Sponsor nor its officers, directors, partners, members, managers or employees, shall have personal liability under this Agreement or any other Sponsor Document for the payment of the payment Obligations or for the performance of any other Obligations of the Sponsor under the Sponsor Documents, and Freddie Mac's only recourse for the satisfaction or performance of the Obligations shall be Freddie Mac's exercise of its rights and remedies with respect to the UCC Collateral and any other collateral held by Freddie Mac as security for the Obligations. The foregoing notwithstanding, the Sponsor acknowledges that this Section 9.11(a) shall not be construed as limiting the coverage of, or any of Freddie Mac's rights under, the Guaranty.

(b) The Sponsor shall be personally liable to Freddie Mac for its damages, losses or expenses, as applicable upon the occurrence of any of the following: (1) fraud or written material misrepresentation by the Sponsor, or any Sponsor Affiliate, or any officer, director, partner, member, manager or employee of the Sponsor, or any Sponsor Affiliate, in connection with the application for or creation of the Obligations or any request for any action or consent by Freddie Mac, (2) any costs and expenses incurred by Freddie Mac in connection with the collection of any amount for which the Sponsor is personally liable under this Section, including fees and out of pocket expenses of attorneys and expert witnesses and the costs of conducting any independent audit of the Sponsor's and any Sponsor Affiliate's books and records to determine the amount for which the Sponsor has personal liability; and (3) any Breach that is uncured by the Sponsor in the event the Sponsor does not fulfill its obligations under Section 2.4(c). In addition, the Sponsor shall be personally liable to Freddie Mac for indemnification obligations under Section 3.12.

(c) To the extent that the Sponsor has personal liability under this Section 9.11, Freddie Mac may exercise its rights against the Sponsor personally without regard to whether Freddie Mac has exercised any rights against the UCC Collateral or any other security or pursued any rights against any guarantor or pursued any other rights available to Freddie Mac under this Agreement, any other Sponsor Document or applicable law.

Section 9.12 Consent of Freddie Mac. Whenever Freddie Mac shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve any matter, such exercise, determination, acceptance or approval shall, unless otherwise specifically provided, be in Freddie Mac's sole and absolute discretion.

Section 9.13 Disclaimer; Acknowledgments. Approval by Freddie Mac of the Sponsor, any Sponsor Affiliate, the Remarketing Agent, the Sponsor Documents, any Owner Documents, any Mortgaged Property, the Bonds, the Custodial Receipts or otherwise shall not constitute a warranty or representation by Freddie Mac as to any matter. Nothing set forth in this Agreement, in any of the other Sponsor Documents or in the subsequent conduct of the parties shall be deemed to constitute Freddie Mac as the partner or joint venturer of the Sponsor, any Sponsor Affiliate, or any Person for any purpose whatsoever.

Section 9.14 Entire Agreement. This Agreement and the Sponsor Documents constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the Sponsor Documents. Nothing in this Agreement or the Sponsor Documents, expressed or implied, is intended to confer upon any party, other than the parties hereto and thereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the Sponsor Documents; provided, however, that as to Persons other than Freddie Mac and the Sponsor that are parties to any of the Sponsor Documents, such Persons shall not have any rights, remedies, obligations or liabilities under this Agreement or any of the Sponsor Documents except under such Sponsor Documents to which such Persons are directly parties.

***Section 9.15 Survival of Representation and Warranties*.** All statements contained in any Sponsor Document, or in any certificate, financial statement or other instrument delivered by or on behalf of the Sponsor pursuant to or in connection with this Agreement (including but not limited to any such statement made in or in connection with any amendment hereto or thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement (a) shall be made and shall be true at and as of the Closing Date and (b) shall survive the execution and delivery of this Agreement, regardless of any investigation made by Freddie Mac or on its behalf.

Section 9.16 Waiver of Claims. IN ORDER TO INDUCE FREDDIE MAC TO EXECUTE AND DELIVER THE SERIES CERTIFICATE AGREEMENT, THE SPONSOR HEREBY REPRESENTS AND WARRANTS THAT IT HAS NO CLAIMS, SET-OFFS OR DEFENSES AS OF THE CLOSING DATE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR IN CONNECTION WITH ANY OF THE OTHER SPONSOR DOCUMENTS. TO THE EXTENT ANY SUCH CLAIMS, SET-OFFS OR DEFENSES MAY EXIST, WHETHER KNOWN OR UNKNOWN, THEY ARE EACH HEREBY WAIVED AND RELINQUISHED IN THEIR ENTIRETY.

Section 9.17 Waivers of Jury Trial. THE SPONSOR AND FREDDIE MAC EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE SPONSOR AND FREDDIE MAC AS CREDIT FACILITY PROVIDER, LIQUIDITY FACILITY PROVIDER, PLEDGE CUSTODIAN AND ADMINISTRATOR THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

[Signatures follow]

IN WITNESS WHEREOF, the Sponsor and Freddie Mac have executed this Reimbursement Agreement as of the day and year first above written.

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: /s/ Clayton A. Davis
Clayton A. Davis
Director, Multifamily Structured and Affordable Executions

[Signature page to ATAX TEBS Reimbursement Agreement]

ATAX TEBS I, LLC, a Delaware limited liability company

By: AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership, Member

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

[Counterpart Signature page to ATAX TEBS Reimbursement Agreement]

SCHEDULE A

MORTGAGED PROPERTIES & YIELD MAINTENANCE PERIOD

Property Name and Location	Yield Maintenance End Date
Ashley Square (The Mill Apartments), Des Moines, Iowa	December 1, 2004
Bella Vista Apartments, Cooke County, Texas	April 1, 2016
Bent Tree Apartments, Columbia, South Carolina	Closing Date
Bridle Ridge Apartments, Greer, South Carolina	January 1, 2018
Brookstone Apartments, Waukegan, Illinois	November 1, 2024
Crescent Village, West Chester, Ohio	July 1, 2019
Cross Creek Apartments, Beaufort, South Carolina	September 1, 2022
Fairmont Oaks Apartments, Gainesville, Florida	April 1, 2008
Lake Forest Apartments, Daytona Beach, Florida	Closing Date
Post Woods, Reynoldsburg, Ohio	July 1, 2019
Runnymede Apartments, Travis County, Texas	October 1, 2017
Southpark Apartments, Austin, Texas	December 1, 2021
The Villages at Lost Creek Apartments, San Antonio, Texas	June 1, 2018
Willow Bend, Hilliard, Ohio	July 1, 2019
Woodlynn Village, City of Maplewood, Minnesota	November 1, 2017

SCHEDULE A-1

BONDS

	Related Mortgaged Property	Bonds**
1.	Ashley Square (The Mill Apartments)	$6,500,000 Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A
2.	Bella Vista Apartments	$6,800,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006
3.	Bent Tree Apartments	$11,130,000 South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1
4.	Bridle Ridge Apartments	$7,885,000 South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008
5.	Brookstone Apartments	$9,600,000 The County of Lake, Illinois Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007
6.	Cross Creek Apartments	$8,850,000 South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005
7.	Fairmont Oaks Apartments	Senior Beneficial Ownership Interest Certificate relating to $8,020,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Refunding Bonds 2003 Series I (Fairmont Oaks Apartments)
8.	Lake Forest Apartments	Senior Beneficial Ownership Interest Certificate relating to $10,620,000 Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)
9.	Ohio Portfolio: Crescent Village Post Woods Willow Bend	$14,708,000 Ohio Housing Finance Agency Multifamily Housing Revenue Bonds (Foundation for Affordable Housing Portfolio Project) Series 2010A
10.	Runnymede Apartments	$10,825,000 Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007
11.	Southpark Apartments	$14,175,000 Strategic Housing Finance Corporation of Travis County Multifamily Housing Mortgage Revenue Bonds (Southpark Apartments) Series 2006
12.	The Villages at Lost Creek Apartments	$18,500,000 Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1
13.	Woodlynn Village	$4,550,000 City of Maplewood, Minnesota Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007

**Original principal amount at bond issuance shown; see Schedule A-2 for principal amount deposited into Series Pool.

SCHEDULE A-2

ENHANCED BONDS AND ENHANCED CUSTODIAL RECEIPTS

I. ENHANCED BONDS

	Bond Designation	Principal Amount Deposited
1.	South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008	$ 7,865,000
2.	Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Mortgage Revenue Refunding Bonds 2003 Series I (Fairmont Oaks Apartments)	$ 7,610,000
3.	Ohio Housing Finance Agency Multifamily Housing Revenue Bonds (Foundation for Affordable Housing Portfolio Project) Series 2010A	$14,708,000
4.	Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007	$10,790,000
5.	Strategic Housing Finance Corporation of Travis County Multifamily Housing Mortgage Revenue Bonds (Southpark Apartments) Series 2006	$14,175,000

II. ENHANCED CUSTODIAL RECEIPTS AND RELATED BONDS

Underlying Bonds	Enhanced Custodial Receipt Designation	Original Principal Amount Deposited
Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	RA-1	$4,805,000
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	RA-2	$5,510,000
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	RA-3	$7,160,000
The County of Lake, Illinois Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	RA-4	$6,763,000
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	RA-5	$7,832,000
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	RA-6	$8,930,000
Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RA-7-1	$9,635,000
Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RA-7-2	$6,420,000
City of Maplewood, Minnesota Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	RA-8	$3,933,000

SCHEDULE A-3

SUBORDINATE CUSTODIAL RECEIPTS AND RELATED BONDS

Underlying Bonds	Subordinate Custodial Receipt Designation	Original Principal Amount Deposited
Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	RB-1	$563,000
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	RB-2	$1,185,000
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	RB-3	$603,000
The County of Lake, Illinois Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	RB-4	$2,814,794
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	RB-5	$880,029
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	RB-6	$388,000
Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	RB-7	$2,445,000
City of Maplewood, Minnesota Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	RB-8	$603,000

SCHEDULE A-4

PRE-SELECTED DEPOSITED ASSETS

(1) Custodial Receipt No. RA-1 relating to:
Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds
(The Mill Apartments Project) Series 1999A

(2) Custodial Receipt No. RA-3 relating to:
South Carolina State Housing Finance and Development Authority
Multifamily Rental Housing Revenue Refunding Bonds
(Bent Tree Apartments Project) Series 2000H-1

(3) Custodial Receipt No. RA-6 relating to:
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation
Multifamily Housing Revenue Refunding Bonds
2001 Series G (Lake Forest Apartments)

(4) Senior Beneficial Ownership Interest Certificate relating to:
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Refunding Bonds
2003 Series I (Fairmont Oaks Apartments)

SCHEDULE B

QUALIFICATIONS TO REPRESENTATIONS AND WARRANTIES

§ 2.1(d)(iii): The following Mortgaged Properties are undergoing rehabilitation:

- Crescent Village
- Post Woods
- Willow Bend

The following Mortgaged Properties are subject to the requirements of the Repair Escrow Agreement: Ashley Square, Bent Tree, Bridle Ridge, Brookstone, Fairmont Oaks, Lake Forest, Runnymede, South Park, Villages at Lost Creek, Woodlynn Village.

§ 2.1(g): The proceeds of the Bonds relating to the following Mortgaged Properties are subject to disbursement in accordance with the related disbursing and servicing agreement.

- Crescent Village
- Post Woods
- Willow Bend

§ 2.1(i): The following Mortgaged Properties do not satisfy the representations due to:

- Villages at Lost Creek: Property taxes have been declared due and payable due to loss of exemption.

- Crescent Village, Post Woods and Willow Bend have 3 Bond Mortgages but only one Loan Agreement and Bond Mortgage Note

§ 2.1(r): The following Mortgaged Properties do not satisfy the representations due to:

- Southpark Ranch:
  The Borrower does not hold its interest in the Mortgaged Property in fee simple, but pursuant to a ground lease.

- Fairmont Oaks:
  Access Endorsement not issued. This endorsement is unavailable in Florida.

- Lake Forest:
  Access Endorsement not issued. This endorsement is unavailable in Florida.

§ 2.1(s)

- Villages at Lost Creek:
  Real estate taxes owing in the approximate amount of $409,000 (with accrued interested the current amount is approximately $428,000 and will be approximately $454,000 as of the Closing Date).

§ 2.1(y)(vii): The following Mortgaged Property has a ground lease:

- Southpark Ranch

§ 2.1(hh)(i) and (ii): The following Mortgaged Properties have subordinate mortgage notes, secured by mortgages, payable to Sponsor Affiliate:

- Bella Vista
- Bent Tree
- Ashley Square
- Fairmont Oaks
- Lake Forest
- Woodlynn Village

§ 2.1(pp) : The following Mortgaged Properties have been relying on exemptions from real estate taxes, but a recent Texas court holding may result in loss of exemption:

- Bella Vista
- Runnymede
- South Park Ranch
- Villages at Lost Creek

SCHEDULE C

BOND MORTGAGE NOTE RATES

Bond Mortgage Mortgaged Property	Note Rate (%)
Ashley Square (The Mill Apartments), Des Moines, Iowa	6.25
Bella Vista Apartments, Cooke County, Texas	6.15
Bent Tree Apartments, Columbia, South Carolina	6.25
Bridle Ridge Apartments, Greer, South Carolina	6.00
Brookstone Apartments, Waukegan, Illinois	5.445
Crescent Village, West Chester, Ohio	7.00
Cross Creek Apartments, Beaufort, South Carolina	6.15
Fairmont Oaks Apartments, Gainesville, Florida	6.30
Lake Forest Apartments, Daytona Beach, Florida	6.25
Post Woods, Reynoldsburg, Ohio	7.00
Runnymede Apartments, Travis County, Texas	6.00
Southpark Apartments, Austin, Texas	6.125
The Villages at Lost Creek Apartments, San Antonio, Texas	6.25
Willow Bend, Hilliard, Ohio	7.00
Woodlynn Village, City of Maplewood, Minnesota	6.00

EXHIBIT I

TAX CREDIT AGENCY LETTERS APPLICABLE TO MORTGAGED PROPERTIES

None.

EXHIBIT II

AMORTIZATION SCHEDULES

See Data Tape.

EXHIBIT III

PREPAYMENT SCHEDULES

Bonds	First Optional Redemption at Par
Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	Closing Date
Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	April 1, 2016
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	Closing Date
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008	January 1, 2018
The County of Lake, Illinois Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	November 1, 2024
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	September 1, 2022
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Mortgage Revenue Refunding Bonds 2003 Series I (Fairmont Oaks Apartments)	April 1, 2008
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	Closing Date
Ohio Housing Finance Agency Multifamily Housing Revenue Bonds (Foundation for Affordable Housing Portfolio Project) Series 2010A	July 1, 2019
Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007	October 1, 2017
Strategic Housing Finance Corporation of Travis County Multifamily Housing Mortgage Revenue Bonds (Southpark Apartments) Series 2006	December 1, 2021
Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	June 1, 2018
City of Maplewood, Minnesota Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	November 1, 2017

Exhibit 10.28

SERIES CERTIFICATE AGREEMENT

by and between

FEDERAL HOME LOAN MORTGAGE CORPORATION,

in its corporate capacity

and

FEDERAL HOME LOAN MORTGAGE CORPORATION,

in its capacity as Administrator

Dated as of September 1, 2010

incorporating by reference

STANDARD TERMS OF THE SERIES CERTIFICATE AGREEMENT

Dated as of September 1, 2010

FREDDIE MAC

MULTIFAMILY VARIABLE RATE CERTIFICATES

Series M024

$95,810,000 Class A Certificates

$20,326,000 Class B Certificates

relating to

the Bonds described herein

SPONSOR: ATAX TEBS I, LLC

SERIES CERTIFICATE AGREEMENT

This SERIES CERTIFICATE AGREEMENT (this "Series Certificate Agreement") is dated as of September 1, 2010 by and between FEDERAL HOME LOAN MORTGAGE CORPORATION, in its corporate capacity ("Freddie Mac") and FEDERAL HOME LOAN MORTGAGE CORPORATION, in its capacity as Administrator (the "Administrator") on behalf of the Holders of the Series of Class A Certificates (the "Class A Certificates") and the Class B Certificates (the "Class B Certificates") (collectively, the "Certificates") described on the cover page. This Series Certificate Agreement incorporates by reference the Standard Terms of the Series Certificate Agreement dated as of September 1, 2010 (the "Standard Terms"), attached as Appendix A, which Standard Terms will govern the Certificates and the Series Pool except as provided in this Series Certificate Agreement. All capitalized terms used and not defined herein shall have the meaning set forth in the Standard Terms.

RECITALS:

A. Freddie Mac desires to issue the Certificates and create the Series Pool into which the Bonds identified on Schedule 1 hereto and the other Assets related to the Certificates will be transferred.

B. The conditions to the issuance and delivery of the Certificates as provided in the Standard Terms and herein have been satisfied.

AGREEMENT:

Section 1. Freddie Mac hereby creates the Series Pool relating to the Certificates and transfers the Bonds to such Series Pool for the benefit of the Holders of the Certificates, together with all of its interest in (a) all Bond Payments made from and after the Date of Original Issue and all certificates and instruments, if any, representing the Bonds, (b) the Distribution Account and (c) all proceeds of the Bonds and the Distribution Account of every kind and nature.

Section 2. The Series Pool and the related Certificates will bear the Series designation set forth on the cover page of this Series Certificate Agreement.

Section 3. The Class A Certificates will be issued with an Initial Certificate Balance of $95,810,000 and the Class B Certificates will be issued with an Initial Certificate Balance of $20,326,000 in substantially the forms set forth in Exhibit B and Exhibit C to the Standard Terms. Upon initial issuance, the Class A Certificates shall be registered in the name of CEDE & Co., as nominee for DTC. Upon initial issuance, the Class B Certificates shall be registered in the name of the Pledge Custodian for the benefit of the Sponsor subject to the security interest created by the Reimbursement Agreement in favor of Freddie Mac, and will be held in definitive form.

Section 4. The Sponsor will be ATAX TEBS I, LLC (or any permitted successor in such capacity appointed under Section 3.07 of the Standard Terms).

Section 5. The initial Reset Rate Method for the Class A Certificates shall be the Weekly Reset Rate Method.

Section 6. The Bonds were neither deposited with nor acquired with market discount in excess of a*de minimis* amount within the meaning of Section 1278(a)(2)(C) of the Code determined as of the Date of Original Issue.

Section 7. The Monthly Closing Election will be made on behalf of the Series Pool, effective as of the "start-up date" (as defined in Revenue Procedure 2003-84). The Sponsor and all Holders of Certificates (by their purchase thereof) consent to the Monthly Closing Election. The Series Pool, the Sponsor and each Holder of Certificates (by their purchase thereof) agree to comply with the tax reporting requirements of Sections 8.02, 8.03 and 8.04 of Revenue Procedure 2003-84 (or any successor Revenue Procedure or other applicable Internal Revenue Service guidance).

Section 8. Partnership Factors shall not apply to the Series Pool.

Section 9. The CUSIP Numbers for the Certificates are the following:

	CUSIP Number
Class A Certificates	31350AAU2
Class B Certificates	31350AAV0

Section 10. The Notional Accelerated Principal Amortization Schedule and the Class A Certificate Notional Accelerated Principal Paydown Amount will not be applicable to the Series Pool.

Section 11. The provisions of the Standard Terms relating to the making of Administrator Advances and the payment of Daily Administrator Advance Charges will not be applicable to the Series Pool.

Section 12. The provisions of the Standard Terms relating to a Special Adjustment Event and the Mandatory Tender in connection with a Special Adjustment Event will not be applicable to the Series Pool.

Section 13. Receipt by the Administrator of a rating letter from S&P confirming the rating of the Class A Certificates as "AAA/A-1+" will be an additional condition under Section 2.09 of the Standard Terms to the issuance of the Certificates.

Section 14. The Administrator shall deposit into the Bond Payment Subaccount – Holdback within the Distribution Account the sum of $1,100,000 received from the Sponsor on the Date of Original Issue and shall retain such amount therein for purposes of satisfying the Holdback Requirement. The Administrator shall also deposit into the Bond Payment Subaccount – Holdback any subsequent amount received from or on behalf of the Sponsor.

Section 15. The Administrator shall deposit into the Odd Lot Subaccount within the Distribution Account the sum of $4,999.99 received from the Sponsor on the Date of Original Issue for application in accordance with Section 4.03(f) of the Standard Terms.

Section 16. The following definitions shall apply with respect to the Certificates:

"Accrual Commencement Date" - shall mean September 2, 2010.

"*Accrued Interest on the Bonds*" means the amount of $-0-, representing the portion of the interest on the Bonds that is to accrue prior to the Accrual Commencement Date.

"Bond Interest Payment Date" - shall mean the dates indicated with respect to the Bonds on Schedule 1.

"Date of Original Issue" - shall mean September 2, 2010.

"First Optional Disposition Date" - shall mean April 15, 2016.

"First Payment Date" - shall mean October 15, 2010.

"Holdback Requirement" - means the amount necessary to be retained in the Bond Payment Subaccount – Holdback after the payments indicated in Section 4.03(a)(i) – (vii) of the Standard Terms have been made, which amount is indicated with respect to each Payment Date on Schedule 2 attached hereto. The Holdback Requirement with respect to any Payment Date shall be revised by the Administrator in accordance with the written directions of Freddie Mac following the receipt of any subsequent deposit to the Bond Payment Subaccount – Holdback from or on behalf of the Sponsor or as otherwise instructed by Freddie Mac.

"Rating Agency" - shall mean S&P.

"Remarketing Agent" - shall mean D.A. Davidson & Co. or any subsequent Remarketing Agent appointed in accordance with the Standard Terms.

"Servicer" - shall mean NorthMarq Capital, LLC or any subsequent Servicer appointed by Freddie Mac.

Section 17. References to "Administrator Fee" and "Administrator Fee Rate" will be inapplicable as long as Freddie Mac serves in such capacity. If an Administrator other than Freddie Mac is appointed, the Administrator Fee will be payable based on an Administrator Fee Rate established by notice from Freddie Mac to such Administrator and the Sponsor; provided such Administrator Fee will be paid only from an allocated portion of the Freddie Mac Fee as set forth in such notice, and the amount of the Freddie Mac Fee will be reduced by such allocated portion.

Section 18. Notices under this Series Certificate Agreement to be provided to the Sponsor and the Rating Agency will be provided in the manner set forth in Section 14.02 of the Standard Terms as follows:

ATAX TEBS I, LLC
1004 Farnam Street, Suite 400
Omaha, Nebraska 68102
Attention: Chad L. Daffer
Phone: 402.930.3085
Fax: 402.930.3047

With a copy to:
Thomas Mcleay, Esq., General Counsel
1004 Farnam Street, Suite 400
Omaha, Nebraska 68102
Attention: Chad L. Daffer
Phone: 402.930.3085
Fax: 402.930.3047

with a copy to:
Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Patricia A. Burdyny
Facsimile: (402) 346-1148
Telephone: (402) 346-6000

Standard & Poor's Ratings Service
55 Water Street, 38th Floor
New York, New York 10041
Attention: Muni Structured Group
Facsimile: (212) 438-2152

or to such other address as either such party from time to time provides to the other notice parties under Section 14.02 of the Standard Terms.

Section 19. For purposes of Section 4.03(a)(i) of the Standard Terms, there is no Accrued Interest on the Bonds to be paid on the First Payment Date to the Sponsor.

[Signatures follow]

IN WITNESS WHEREOF, the parties hereto have caused this Series Certificate Agreement to be duly executed by their respective duly authorized officers or signatories as of the day and year first above written.

FEDERAL HOME LOAN MORTGAGE CORPORATION, in its corporate capacity

By: /s/ Clayton A. Davis
Clayton A. Davis
Director, Multifamily Structured and Affordable Executions

FEDERAL HOME LOAN MORTGAGE CORPORATION, as Administrator

By: /s/ Clayton A. Davis
Clayton A. Davis
Director, Multifamily Structured and Affordable Executions

SPONSOR ACCEPTANCE

The Sponsor hereby acknowledges, accepts and agrees to the terms of this Series Certificate Agreement.

ATAX TEBS I, LLC, a Delaware limited liability company

By: AMERICA FIRST TAX EXEMPT INVESTORS, L.P., a Delaware limited partnership, Member

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

SCHEDULE 1
DESCRIPTION OF THE BONDS
(SERIES M024)

Bond Issue and Series	Original Issue Date	CUSIP #	Outstanding Amount Deposited ($)	Interest Rate (%)	Stated Maturity Date	Bond Trustee	Bond Counsel	Deposit Price	Bond Interest Payment Dates	Subject to Stabilization
Custodial Receipt No. RA-1 relating to Iowa Finance Authority Multifamily Mortgage Revenue Refunding Bonds (The Mill Apartments Project) Series 1999A	June 16, 1999	04658PAA9	4,805,000	6.25	December 1, 2025	U.S. Bank	Kutak Rock LLP	100%	First day of each month	No
Custodial Receipt No. RA-2 relating to Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Bella Vista Apartments) Series 2006	April 5, 2006	04658PAC5	5,510,000	6.15	April 1, 2046	Wells Fargo	Vinson & Elkins LLP	100%	April 1 and October 1	No
Custodial Receipt No. RA-3 relating to South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Refunding Bonds (Bent Tree Apartments Project) Series 2000H-1	December 21, 2000	04658PAE1	7,160,000	6.25	December 15, 2030	The Bank of New York	Parker Poe Adams & Bernstein LLP	100%	First day of each month	No
South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Bridle Ridge Apartments) Series 2008	January 10, 2008	83712EFH2	7,865,000	6.00	January 1, 2043	Regions Bank	Parker Poe Adams & Bernstein LLP	100%	January 1 and July 1	No
Custodial Receipt No. RA-4 relating to The County of Lake, Illinois Multifamily Housing Revenue Bonds (Brookstone Apartments Project) Series 2007	November 15, 2007	04658PAG6	6,763,000	5.445	May 1, 2040	Wells Fargo	Barnes & Thornburg LLP	100%	First day of each month	No
Custodial Receipt No. RA-5 relating to South Carolina State Housing Finance and Development Authority Multifamily Rental Housing Revenue Bonds (Cross Creek Apartments Project) Series 2005	September 29, 2005	0465PAJ0	7,832,000	6.15	March 1, 2049	U.S. Bank	Kilpatrick Stockton LLP	100%	First day of each month	No
Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Mortgage Revenue Refunding Bonds 2003 Series I (Fairmont Oaks Apartments)	April 2, 2003	34073JUG2	7,610,000	6.30	April 1, 2033	U.S. Bank	Bryant Miller Olive, P.A.	100%	First day of each month	No
Custodial Receipt No. RA-6 relating to Senior Beneficial Ownership Interest Certificate relating to Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds 2001 Series G (Lake Forest Apartments)	November 29, 2001	04658PAL5	8,930,000	6.25	December 1, 2031	U.S. Bank	Bryant Miller Olive, P.A.	100%	First day of each month	No
Ohio Housing Finance Agency Multifamily Housing Revenue Bonds (Foundation for Affordable Housing Portfolio Project) Series 2010A	June 17, 2010	676900RY1	14,708,000	7.00	June 1, 2050	Wells Fargo	Peck, Shaffer & Williams LLP	100%	First day of each month	No
Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Runnymede Apartments Project) Series 2007	October 18, 2007	052425HJ7	10,790,000	6.00	October 1, 2042	UMB Bank	McCall, Parkhurst & Horton L.L.P.	100%	April 1 and October 1	No
Strategic Housing Finance Corporation of Travis County Multifamily Housing Mortgage Revenue Bonds (Southpark Apartments) Series 2006	December 21, 2006	86272WAA7	14,175,000	6.125	December 1, 2049	Wells Fargo	Naman Howell Smith & Lee P.L.L.C.	100%	June 1 and December 1	No
Custodial Receipt No. RA-7-1 relating to Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	June 21, 2006	04658PAN1	9,635,000	6.25	June 1, 2041	U.S. Bank	Fulbright & Jaworski L.L.P.	100%	June 1 and December 1	No
Custodial Receipt No. RA-7-2 relating to Bexar County Housing Finance Authority Multifamily Housing Revenue Bonds (The Villages at Lost Creek Apartments Project) Series 2006A-1	June 21, 2006	04658PAP6	6,420,000	6.25	June 1, 2041	U.S. Bank	Fulbright & Jaworski L.L.P.	100%	June 1 and December 1	No
Custodial Receipt No. RA-8 relating to City of Maplewood, Minnesota Multifamily Housing Revenue Bonds (Woodlynn Village Project) Series 2007	November 1, 2007	04658PARA2	3,933,000	6.00	November 1, 2042	Wells Fargo	Briggs and Morgan, Professional Association	100%	May 1 and November 1	No

SCHEDULE 2

HOLDBACK REQUIREMENT SCHEDULE

M024 Holdback Schedule

Period	Date	CASH BALANCE REQUIRED AT THE END OF THE MONTH
0	Initial	$ 1,100,000.00
1	10/15/2010	887,427.12
2	11/15/2010	631,514.99
3	12/15/2010	799,320.63
4	1/15/2011	659,075.73
5	2/15/2011	362,638.96
6	3/15/2011	66,202.19
7	4/15/2011	261,847.92
8	5/15/2011	83,720.40
9	6/15/2011	721,071.00
10	7/15/2011	660,243.48
11	8/15/2011	364,340.96
12	9/15/2011	68,438.44
13	10/15/2011	262,522.92
14	11/15/2011	84,395.40
15	12/15/2011	722,111.00
16	1/15/2012	661,383.38
17	2/15/2012	366,330.75
18	3/15/2012	71,278.12
19	4/15/2012	265,162.50
20	5/15/2012	87,760.75
21	6/15/2012	723,682.75
22	7/15/2012	663,799.54
23	8/15/2012	370,341.33
24	9/15/2012	76,883.12
25	10/15/2012	269,716.67
26	11/15/2012	93,278.46
27	12/15/2012	724,777.75
28	1/15/2013	665,049.96
29	2/15/2013	372,497.17
30	3/15/2013	79,944.37
31	4/15/2013	272,483.33
32	5/15/2013	96,786.79
33	6/15/2013	726,385.25
34	7/15/2013	667,616.00
35	8/15/2013	376,771.75
36	9/15/2013	85,927.50
37	10/15/2013	277,437.50
38	11/15/2013	102,773.25
39	12/15/2013	727,480.25
40	1/15/2014	668,891.94
41	2/15/2014	379,003.63
42	3/15/2014	89,115.31
43	4/15/2014	280,381.25
44	5/15/2014	106,529.69
45	6/15/2014	729,258.75
46	7/15/2014	671,591.98
47	8/15/2014	383,525.21
48	9/15/2014	95,458.44
49	10/15/2014	285,685.42
50	11/15/2014	112,953.65
51	12/15/2014	730,533.75
52	1/15/2015	673,003.96
53	2/15/2015	385,974.17
54	3/15/2015	98,944.37
55	4/15/2015	288,858.33
56	5/15/2015	117,005.67
57	6/15/2015	732,398.00
58	7/15/2015	675,908.04
59	8/15/2015	390,818.08
60	9/15/2015	105,728.12
61	10/15/2015	294,479.17
62	11/15/2015	123,794.21
63	12/15/2015	733,678.00
64	1/15/2016	677,355.54
65	2/15/2016	393,333.08
66	3/15/2016	109,310.62
67	4/15/2016	297,779.17
68	5/15/2016	128,014.21
69	6/15/2016	735,628.00
70	7/15/2016	680,463.67
71	8/15/2016	398,499.33
72	9/15/2016	116,535.00
73	10/15/2016	303,716.67
74	11/15/2016	135,192.33
75	12/15/2016	736,963.00
76	1/15/2017	682,021.69
77	2/15/2017	401,205.38
78	3/15/2017	120,389.06
79	4/15/2017	307,218.75
80	5/15/2017	139,660.44
81	6/15/2017	739,084.00
82	7/15/2017	685,279.44
83	8/15/2017	406,649.88
84	9/15/2017	128,020.31
85	10/15/2017	313,568.75
86	11/15/2017	147,329.19
87	12/15/2017	740,549.00
88	1/15/2018	686,898.50
89	2/15/2018	409,473.00
90	3/15/2018	132,047.50
91	4/15/2018	317,300.00
92	5/15/2018	152,098.00
93	6/15/2018	742,766.00

94	7/15/2018	690,391.29
95	8/15/2018	415,291.58
96	9/15/2018	140,191.88
97	10/15/2018	324,029.17
98	11/15/2018	160,234.46
99	12/15/2018	744,286.00
100	1/15/2019	692,146.40
101	2/15/2019	418,356.79
102	3/15/2019	144,567.19
103	4/15/2019	328,064.58
104	5/15/2019	165,378.98
105	6/15/2019	746,674.00
106	7/15/2019	695,799.23
107	8/15/2019	424,474.46
108	9/15/2019	153,149.69
109	10/15/2019	335,247.92
110	11/15/2019	174,083.15
111	12/15/2019	748,379.00
112	1/15/2020	697,674.85
113	2/15/2020	427,720.71
114	3/15/2020	157,766.56
115	4/15/2020	339,435.42
116	5/15/2020	179,405.90
117	6/15/2020	750,873.25
118	7/15/2020	701,583.31
119	8/15/2020	434,243.38
120	9/15/2020	166,903.44
121	10/15/2020	347,018.75
122	11/15/2020	188,578.81
123	12/15/2020	752,583.25
124	1/15/2021	703,519.98
125	2/15/2021	437,631.71
126	3/15/2021	171,743.44
127	4/15/2021	351,510.42
128	5/15/2021	194,302.27
129	6/15/2021	755,298.50
130	7/15/2021	707,673.90
131	8/15/2021	444,574.29
132	9/15/2021	181,474.69
133	10/15/2021	359,589.58
134	11/15/2021	204,094.98
135	12/15/2021	757,188.50
136	1/15/2022	709,746.60
137	2/15/2022	448,179.71
138	3/15/2022	186,612.81
139	4/15/2022	364,310.42
140	5/15/2022	210,124.27
141	6/15/2022	760,015.00
142	7/15/2022	714,181.77
143	8/15/2022	455,573.54
144	9/15/2022	196,965.31
145	10/15/2022	372,877.08
146	11/15/2022	220,488.85
147	12/15/2022	761,965.00
148	1/15/2023	716,400.52
149	2/15/2023	459,436.04
150	3/15/2023	202,471.56
151	4/15/2023	377,927.08
152	5/15/2023	226,904.10
153	6/15/2023	764,983.00
154	7/15/2023	721,052.52
155	8/15/2023	467,222.04
156	9/15/2023	213,391.56
157	10/15/2023	387,052.08
158	11/15/2023	237,966.60
159	12/15/2023	767,113.00
160	1/15/2024	723,432.83
161	2/15/2024	471,352.67
162	3/15/2024	219,272.50
163	4/15/2024	392,433.33
164	5/15/2024	244,815.29
165	6/15/2024	770,242.25
166	7/15/2024	728,376.50
167	8/15/2024	479,610.75
168	9/15/2024	230,845.00
169	10/15/2024	402,087.50
170	11/15/2024	302,676.75
171	12/15/2024	864,782.25
172	1/15/2025	869,427.85
173	2/15/2025	702,698.46
174	3/15/2025	535,969.06
175	4/15/2025	509,797.92
176	5/15/2025	445,536.40
177	6/15/2025	591,816.60
178	7/15/2025	427,942.58
179	8/15/2025	264,068.56
180	9/15/2025	100,194.54
181	10/15/2025	73,711.52
182	11/15/2025	10,937.50
183	12/15/2025	581,024.10
184	1/15/2026	418,392.48
185	2/15/2026	255,760.85
186	3/15/2026	93,129.23
187	4/15/2026	67,888.60
188	5/15/2026	6,050.73
189	6/15/2026	576,250.88
190	7/15/2026	416,655.92
191	8/15/2026	257,060.96
192	9/15/2026	97,466.00
193	10/15/2026	71,879.54
194	11/15/2026	11,614.58
195	12/15/2026	564,791.29
196	1/15/2027	406,525.29
197	2/15/2027	248,259.29
198	3/15/2027	89,993.29
199	4/15/2027	65,735.79
200	5/15/2027	6,464.29
201	6/15/2027	559,676.00
202	7/15/2027	404,633.25
203	8/15/2027	249,590.50

204	9/15/2027	94,547.75
205	10/15/2027	69,946.50
206	11/15/2027	12,343.75
207	12/15/2027	547,497.25
208	1/15/2028	393,870.02
209	2/15/2028	240,242.79
210	3/15/2028	86,615.56
211	4/15/2028	63,429.83
212	5/15/2028	6,882.98
213	6/15/2028	542,045.02
214	7/15/2028	391,837.96
215	8/15/2028	241,630.90
216	9/15/2028	91,423.83
217	10/15/2028	67,876.02
218	11/15/2028	13,098.96
219	12/15/2028	529,121.06
220	1/15/2029	380,416.08
221	2/15/2029	231,711.10
222	3/15/2029	83,006.13
223	4/15/2029	60,960.40
224	5/15/2029	7,306.79
225	6/15/2029	523,337.02
226	7/15/2029	378,269.88
227	8/15/2029	233,202.73
228	9/15/2029	88,135.58
229	10/15/2029	65,699.44
230	11/15/2029	13,932.29
231	12/15/2029	509,589.73
232	1/15/2030	366,111.23
233	2/15/2030	222,632.73
234	3/15/2030	79,154.23
235	4/15/2030	58,306.73
236	5/15/2030	7,730.60
237	6/15/2030	503,473.88
238	7/15/2030	363,856.08
239	8/15/2030	224,238.29
240	9/15/2030	84,620.50
241	10/15/2030	63,359.46
242	11/15/2030	14,791.67
243	12/15/2030	488,877.21
244	1/15/2031	350,934.63
245	2/15/2031	212,992.04
246	3/15/2031	75,049.46
247	4/15/2031	55,463.63
248	5/15/2031	8,159.54
249	6/15/2031	482,439.67
250	7/15/2031	348,606.42
251	8/15/2031	214,773.17
252	9/15/2031	80,939.92
253	10/15/2031	60,912.42
254	11/15/2031	15,729.17
255	12/15/2031	466,920.50
256	1/15/2032	334,879.54
257	2/15/2032	202,838.58
258	3/15/2032	70,797.63
259	4/15/2032	52,562.42
260	5/15/2032	8,716.08
261	6/15/2032	460,028.67
262	7/15/2032	332,351.08
263	8/15/2032	204,673.50
264	9/15/2032	76,995.92
265	10/15/2032	58,296.33
266	11/15/2032	16,718.75
267	12/15/2032	443,529.92
268	1/15/2033	317,756.71
269	2/15/2033	191,983.50
270	3/15/2033	66,210.29
271	4/15/2033	49,415.08
272	5/15/2033	9,272.63
273	6/15/2033	436,188.79
274	7/15/2033	315,048.42
275	8/15/2033	193,908.04
276	9/15/2033	72,767.67
277	10/15/2033	55,500.79
278	11/15/2033	17,760.42
279	12/15/2033	418,663.38
280	1/15/2034	299,544.46
281	2/15/2034	180,425.54
282	3/15/2034	61,306.62
283	4/15/2034	46,061.21
284	5/15/2034	9,839.42
285	6/15/2034	410,878.21
286	7/15/2034	296,677.25
287	8/15/2034	182,476.29
288	9/15/2034	68,275.33
289	10/15/2034	52,505.13
290	11/15/2034	18,854.17
291	12/15/2034	392,274.04
292	1/15/2035	280,211.63
293	2/15/2035	168,149.21
294	3/15/2035	56,086.79
295	4/15/2035	42,455.13
296	5/15/2035	10,401.08
297	6/15/2035	384,044.71
298	7/15/2035	277,206.08
299	8/15/2035	170,367.46
300	9/15/2035	63,528.83
301	10/15/2035	49,370.71
302	11/15/2035	20,052.08
303	12/15/2035	364,257.63
304	1/15/2036	259,700.15
305	2/15/2036	155,142.67
306	3/15/2036	50,585.19
307	4/15/2036	38,708.21
308	5/15/2036	11,100.60
309	6/15/2036	355,471.77
310	7/15/2036	256,469.58
311	8/15/2036	157,467.40
312	9/15/2036	58,465.21
313	10/15/2036	46,024.27

314	11/15/2036	21,302.08
315	12/15/2036	334,449.69
316	1/15/2037	237,845.73
317	2/15/2037	141,241.77
318	3/15/2037	44,637.81
319	4/15/2037	34,595.10
320	5/15/2037	11,672.52
321	6/15/2037	325,229.92
322	7/15/2037	234,523.38
323	8/15/2037	143,816.83
324	9/15/2037	53,110.29
325	10/15/2037	42,476.75
326	11/15/2037	22,630.21
327	12/15/2037	302,899.71
328	1/15/2038	214,739.00
329	2/15/2038	126,578.29
330	3/15/2038	38,417.58
331	4/15/2038	30,329.88
332	5/15/2038	12,377.17
333	6/15/2038	293,123.54
334	7/15/2038	211,223.13
335	8/15/2038	129,322.71
336	9/15/2038	47,422.29
337	10/15/2038	38,706.87
338	11/15/2038	24,036.46
339	12/15/2038	269,402.08
340	1/15/2039	190,215.63
341	2/15/2039	111,029.17
342	3/15/2039	31,842.71
343	4/15/2039	25,841.25
344	5/15/2039	13,214.54
345	6/15/2039	258,952.04
346	7/15/2039	186,419.71
347	8/15/2039	113,887.38
348	9/15/2039	41,355.04
349	10/15/2039	34,689.21
350	11/15/2039	25,546.88
351	12/15/2039	233,740.17
352	1/15/2040	164,094.92
353	2/15/2040	94,449.67
354	3/15/2040	24,804.42
355	4/15/2040	21,025.67
356	5/15/2040	14,057.04
357	6/15/2040	222,621.38
358	7/15/2040	160,044.83
359	8/15/2040	97,468.29
360	9/15/2040	34,891.75
361	10/15/2040	30,401.96
362	11/15/2040	27,135.42
363	12/15/2040	195,840.96
364	1/15/2041	136,324.63
365	2/15/2041	76,808.29
366	3/15/2041	17,291.96
367	4/15/2041	15,862.38
368	5/15/2041	14,899.54
369	6/15/2041	0.00
370	7/15/2041	0.00
371	8/15/2041	0.00
372	9/15/2041	0.00
373	10/15/2041	0.00
374	11/15/2041	0.00
375	12/15/2041	0.00
376	1/15/2042	0.00
377	2/15/2042	0.00
378	3/15/2042	0.00
379	4/15/2042	0.00
380	5/15/2042	0.00
381	6/15/2042	0.00
382	7/15/2042	0.00
383	8/15/2042	0.00
384	9/15/2042	0.00
385	10/15/2042	0.00
386	11/15/2042	0.00
387	12/15/2042	0.00
388	1/15/2043	0.00
389	2/15/2043	0.00
390	3/15/2043	0.00
391	4/15/2043	0.00
392	5/15/2043	0.00
393	6/15/2043	0.00
394	7/15/2043	0.00
395	8/15/2043	0.00
396	9/15/2043	0.00
397	10/15/2043	0.00
398	11/15/2043	0.00
399	12/15/2043	0.00
400	1/15/2044	0.00
401	2/15/2044	0.00
402	3/15/2044	0.00
403	4/15/2044	0.00
404	5/15/2044	0.00
405	6/15/2044	0.00
406	7/15/2044	0.00
407	8/15/2044	0.00
408	9/15/2044	0.00
409	10/15/2044	0.00
410	11/15/2044	0.00
411	12/15/2044	0.00
412	1/15/2045	0.00
413	2/15/2045	0.00
414	3/15/2045	0.00
415	4/15/2045	0.00
416	5/15/2045	0.00
417	6/15/2045	0.00
418	7/15/2045	0.00
419	8/15/2045	0.00
420	9/15/2045	0.00
421	10/15/2045	0.00
422	11/15/2045	0.00

423	12/15/2045	0.00
424	1/15/2046	0.00
425	2/15/2046	0.00
426	3/15/2046	0.00
427	4/15/2046	0.00
428	5/15/2046	0.00
429	6/15/2046	0.00
430	7/15/2046	0.00
431	8/15/2046	0.00
432	9/15/2046	0.00
433	10/15/2046	0.00
434	11/15/2046	0.00
435	12/15/2046	0.00
436	1/15/2047	0.00
437	2/15/2047	0.00
438	3/15/2047	0.00
439	4/15/2047	0.00
440	5/15/2047	0.00
441	6/15/2047	0.00
442	7/15/2047	0.00
443	8/15/2047	0.00
444	9/15/2047	0.00
445	10/15/2047	0.00
446	11/15/2047	0.00
447	12/15/2047	0.00
448	1/15/2048	0.00
449	2/15/2048	0.00
450	3/15/2048	0.00
451	4/15/2048	0.00
452	5/15/2048	0.00
453	6/15/2048	0.00
454	7/15/2048	0.00
455	8/15/2048	0.00
456	9/15/2048	0.00
457	10/15/2048	0.00
458	11/15/2048	0.00
459	12/15/2048	0.00
460	1/15/2049	0.00
461	2/15/2049	0.00
462	3/15/2049	0.00
463	4/15/2049	0.00
464	5/15/2049	0.00
465	6/15/2049	0.00
466	7/15/2049	0.00
467	8/15/2049	0.00
468	9/15/2049	0.00
469	10/15/2049	0.00
470	11/15/2049	0.00
471	12/15/2049	0.00
472	1/15/2050	0.00
473	2/15/2050	0.00
474	3/15/2050	0.00
475	4/15/2050	0.00
476	5/15/2050	0.00
477	6/15/2050	0.00
478	7/15/2050	0.00
479	8/15/2050	0.00
480	9/15/2050	0.00

APPENDIX A

FREDDIE MAC

MULTIFAMILY VARIABLE RATE CERTIFICATES

STANDARD TERMS OF THE

SERIES CERTIFICATE AGREEMENT

DATED AS OF SEPTEMBER 1, 2010

The Multifamily Variable Rate Certificates will represent undivided ownership interests in a pool of tax-exempt Bonds issued to finance multifamily affordable housing mortgages. "Bonds" include municipal securities issued for such purpose as well as custodial receipts, trust receipts or any other similar instruments evidencing an ownership interest in municipal securities held in a pass-through arrangement. Each offering of Multifamily Variable Rate Certificates will be issued as a Series. Each Series will be comprised of Class A Certificates and Class B Certificates that have different specified rights in the related Series Pool (the Class A Certificates and Class B Certificates, collectively, the "Certificates"). Each Series Pool will be separate from each other Series Pool, and the Certificates of any Series will relate only to the assets of a single Series Pool.

Freddie Mac uses standard documentation and terms for the creation, issuance and sale of each Series of Certificates. This documentation includes the Offering Circular and an Offering Circular Supplement for each Series and the Series Certificate Agreement. The Series Certificate Agreement will incorporate the Standard Terms set forth below. Freddie Mac will execute the Series Certificate Agreement in its corporate capacity and in its capacity as Administrator of the Series Pool. In its corporate capacity, Freddie Mac will act as the Depositor, the Certificate Registrar, the Pledge Custodian, the guarantor and the liquidity provider. The Standard Terms provide that other entities may serve some of these functions (other than serving as guarantor or liquidity provider).

These Standard Terms will not be effective as to any Certificates until these Standard Terms are incorporated into a Series Certificate Agreement creating the related Series. If a conflict arises between the provisions of a Series Certificate Agreement and these Standard Terms, the provisions of the Series Certificate Agreement will control.

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Section 1.

DEFINITIONS, CERTAIN CALCULATIONS AND RULES OF CONSTRUCTION

1.1 Definitions. Whenever used in these Standard Terms, capitalized terms will have the meaning for those terms provided in Appendix I to the Offering Circular, which appendix is attached as **Exhibit A**.

1.2 Certain Interest Calculations. Unless provided otherwise, the computation of interest on any Certificate will be performed on the basis of the actual number of days elapsed during each Accrual Period. However, if interest on any Bond is calculated as if each year consisted of twelve 30-day months, and if the computation of any Required Class A Certificate Interest Distribution Amount on the basis of the actual number of days elapsed would result in an amount in excess of the interest due on the related Bonds for the applicable period, then the Required Class A Certificate Interest Distribution Amount will be reduced by the amount of such excess.

1.3 Other Definitional Provisions. All capitalized terms used in any certificate or other documents delivered pursuant to these Standard Terms and not otherwise defined in such documents will have the meanings assigned to such terms in these Standard Terms.

1.4 Rules of Construction. Unless the context or use indicates a different meaning or intent, the following rules will apply to the construction of the Series Certificate Agreement:

(a) Words in the singular will include the plural and vice versa.

(b) The captions and headings of these Standard Terms are solely for convenience of reference and neither constitute a part of the Series Certificate Agreement nor affect its meaning.

(c) All references to a particular time of day will be to Washington, D.C. time.

(d) References to Sections, Articles, Schedules and Exhibits will be to Sections, Articles, Schedules and Exhibits of or to the Series Certificate Agreement unless a different document is specified.

(e) Whenever an action is to be taken by Freddie Mac under the Series Certificate Agreement, unless such action is designated to be taken by Freddie Mac as Administrator, such action is to be taken by Freddie Mac in its corporate capacity. If an action is to be taken by the Sponsor, it will be taken by the Person designated by Freddie Mac as Sponsor in the Series Certificate Agreement or, if undesignated, by Freddie Mac.

Section 2.
THE CERTIFICATES AND THE SERIES POOL

2.1 Classes of Certificates. (a) *The Class A Certificates.* All Class A Certificates will be identical in all respects except for their designated number and denominations and will be issued in book-entry only form. All Class A Certificates issued under the Series Certificate Agreement will be equally and proportionately entitled to the benefits of the Series Certificate Agreement without preference, priority or distinction, except as indicated in these Standard Terms and the Series Certificate Agreement with respect to Pledged Class A Certificates. The Class A Certificates will be in substantially the form indicated in **Exhibit B**.

(b) *The Class B Certificates.* All Class B Certificates will be identical in all respects except for their designated number and denominations and will be issued and held in certificated form. All Class B Certificates issued under the Series Certificate Agreement will be equally and proportionately entitled to the benefits of the Series Certificate Agreement without preference, priority or distinction. The Class B Certificates will be in substantially the form indicated in **Exhibit C**.

2.2 Book-Entry Only for Class A Certificates. (a) Unless the book-entry system is terminated as provided in Section 2.02(b), this paragraph will override any other conflicting provisions of these Standard Terms, except in the case of provisions governing Pledged Class A Certificates. All of the Class A Certificates will initially be registered in the name of Cede & Co., as nominee for DTC, provided that Cede & Co. may register the transfer of such Certificates to another nominee for DTC. There will be one Global Class A Certificate, except as otherwise requested by DTC. The procedures for making payments on the Class A Certificates and for giving any notice or other communication that is permitted or required to be given to Holders of Class A Certificates under these Standard Terms, will comply in all respects with DTC's rules and operational arrangements, and, notwithstanding any other provisions in these Standard Terms, the Administrator and Freddie Mac agree to comply with all rules and operational arrangements of DTC, as such rules and operational arrangements change from time to time. The exercise by Holders and Registered Holders of Class A Certificates of the Tender Option, mandatory tender rights, rights to retain Class A Certificates subject to mandatory tender, rights to convert Class B Certificates to Class A Certificates, the Optional Disposition Right and all other rights granted to such Holders or Registered Holders under the Series Certificate Agreement will be made in accordance with DTC's rules and operational arrangements, as such rules and operational arrangements change from time to time.

(b) If, pursuant to DTC's rules and operating procedures, DTC gives notice to the Administrator, that DTC will discontinue providing its services as securities depository for the Class A Certificates or if Freddie Mac elects to terminate the services of DTC as securities depository with respect to the Class A Certificates, Freddie Mac will, in its sole discretion, either appoint a successor securities depository or terminate the book-entry system for the Class A Certificates.

(c) Any successor securities depository must be a clearing agency registered with the Commission pursuant to Section 17A of the Securities Exchange Act, and must enter into an agreement with Freddie Mac and the Administrator agreeing to act as the depository and clearing agency for all the Class A Certificates. After any such agreement has become effective, DTC will present all the Class A Certificates for registration of transfer in accordance with Section 2.05, and the Administrator will register them in the name of the successor securities depository or its nominee. If a successor securities depository has not entered into such agreement or otherwise accepted such position at least 10 days before the effective date of termination of DTC's services, the book-entry system will automatically terminate and may not be reinstated without the consent of all the Holders of the Class A Certificates.

(d) If a successor securities depository is appointed, or the Administrator receives notice from Freddie Mac that the book-entry system has been terminated, the Administrator will, at least 10 days before such appointment or termination is effective, give notice of such event to the Registered Holders and will inform them either (i) of the name and address of the successor securities depository or (ii) that certificated Class A Certificates may now be obtained by Holders of the Class A Certificates, or their nominees, when proper instructions have been given to DTC by the relevant DTC Participant and when DTC has complied with the provisions of the Series Certificate Agreement regarding registration of transfers.

(e) The Administrator and Freddie Mac may enter into an amendment to these book-entry terms to make those changes that are necessary or appropriate if the Class A Certificates will not be held by DTC or its nominee.

(f) None of Freddie Mac, the Administrator or the Remarketing Agent will be liable to any Person, including any DTC Participant, Indirect DTC Participant or any Person claiming any interest in any Certificate under or through DTC, any DTC Participant or Indirect DTC Participant, for any action or failure to act or delay in action by DTC, any DTC Participant or Indirect DTC Participant. In particular, none of Freddie Mac, the Administrator or the Remarketing Agent will have any obligation with respect to the accuracy of any records maintained by DTC, any DTC Participant or Indirect DTC Participants, the payment by such parties of any amount in respect of any Certificate, any notice or other communication that is permitted or required to be given to Holders or under these Standard Terms or which is permitted or required to be given under the Letter of Representations, the failure of DTC to effect any transfer, the selection by DTC, any DTC Participant or Indirect DTC Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given by DTC as Registered Holder.

(g) Except as otherwise provided herein, so long as the Class A Certificates are registered in the name of DTC or its nominee, the Administrator may treat DTC or its nominee as, and deem DTC or its nominee to be, the sole and absolute owner of the Class A Certificates for all purposes whatsoever, including, without limitation, the payment of distributions to Holders of Class A Certificates, giving or receiving notices of redemption, tender and other matters with respect to the Class A Certificates and the selection of Class A Certificates for redemption or tender.

(h) DTC shall be responsible for transmitting information and payments to its participants, who will be responsible for transmitting such information and payments to Indirect DTC Participants and the Holders.

(i) Any requirements of surrender of Class A Certificates under these Standard Terms will be inapplicable if contrary to the rules and operational procedures of DTC, or if DTC and the Administrator agree to waive them, and an appropriate notation will instead be made on the related Class A Certificates then in the possession of DTC or its nominee.

2.3 Denominations. The Certificates will be issued in registered form in any Authorized Denomination.

2.4 Execution and Authentication; Persons Deemed Owners. A Responsible Officer acting on behalf of the Administrator will execute and authenticate the Certificates by manual or facsimile signature. The signature of an authorized Responsible Officer will bind the Administrator even if the Responsible Officer ceases to hold such office prior to the authentication and delivery of such Certificates or at the date of issuance of such Certificates.

2.5 Registration of Transfer and Exchange. (a) The Administrator will act as the initial Certificate Registrar for the purpose of registering Certificates and transfers and exchanges of Certificates as provided in these Standard Terms and in accordance with the standard procedures of the Administrator. Upon any resignation of the Certificate Registrar, Freddie Mac will promptly appoint a successor Certificate Registrar or, in the absence of such appointment, assume the duties of Certificate Registrar. The Certificate Registrar will appoint an office or agency in McLean, Virginia where the Certificates may be surrendered for registration of transfer or exchange, and presented for final payment, and where notice and demands to or upon the Certificate Registrar with respect to the Certificates may be served, which office will initially be the Delivery Office.

(b) All Certificates issued in connection with any transfer or exchange will be entitled to the same benefits under the Series Certificate Agreement as the Certificates that were surrendered.

(c) A Holder will not be required to pay a service charge for any transfer or exchange of Certificates, but may be required to pay a transfer tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates. If any such tax or governmental charge is imposed but is not paid by the transferee or transferor, but is paid by the Administrator, the Administrator will have the right to be reimbursed the amount of such payment from the Bond Payment Subaccount, as described in Section 4.03.

(d) If an exercise of the Tender Option or Optional Disposition Right occurs with respect to a portion, but not all, of a Class A Certificate, the Administrator will execute, authenticate and deliver to the applicable Class A Holder, in exchange for the surrendered Class A Certificate, one or more new Class A Certificates, in Authorized Denominations, having an aggregate Current Certificate Balance equal to the Current Certificate Balance of that portion of the surrendered Class A Certificate for which the Tender Option or Optional Disposition Right was not exercised.

(e) The Sponsor may at any time deliver to the Administrator for cancellation any Certificates previously authenticated and delivered hereunder which the Sponsor may have acquired, and all Certificates so delivered shall be promptly cancelled by the Administrator.

2.6 Transfer Restrictions Related to Class B Certificates. No Class B Certificate may be transferred without the prior written consent of Freddie Mac, in its sole and absolute discretion; provided that beneficial interests therein are transferable subject to conditions set forth in the Reimbursement Agreement. Any transfer of a beneficial interest will require the delivery to the Administrator of an Investor Letter by the Person acquiring such beneficial interest substantially in the form attached as **Exhibit D**.

2.7 Mutilated, Destroyed, Lost or Stolen Certificates. (a) If any mutilated Certificate is surrendered to the Certificate Registrar or the Administrator, the Administrator will execute, authenticate and deliver in exchange a new Certificate of the same type, and having the same Current Certificate Balance as the surrendered Certificate. If a Holder of a destroyed, lost or stolen Certificate provides an affidavit to the Administrator of such occurrence and indemnity satisfactory to the Certificate Registrar or the Administrator, the Administrator will execute, authenticate and deliver in exchange a new Certificate of the same type, and having the same Current Certificate Balance as the destroyed, lost or stolen Certificate. Every new Certificate issued pursuant to this paragraph in lieu of any mutilated, destroyed, lost or stolen Certificate will be entitled to all the benefits of the Series Certificate Agreement equally and proportionately with any and all other Certificates properly issued under the Series Certificate Agreement, whether or not the mutilated, destroyed, lost or stolen Certificate is at any time enforceable by anyone. The provisions of this paragraph are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

(b) When any new Certificate is issued under this Section 2.07, the Certificate Registrar or the Administrator may require that the Holder pay any transfer tax or other governmental charge that may be imposed in relation to the creation, issuance, transfer or registration of the new Certificate and any other reasonable related expenses (including the fees and expenses of the Certificate Registrar or the Administrator). If any such amount is not paid by the transferee or transferor, but is paid by the Administrator, the Administrator will have the right to be reimbursed the amount of such payment from the Bond Payment Subaccount, as described in Section 4.03.

2.8 No Additional Liabilities or Indebtedness. Unless a Series Certificate Agreement provides otherwise, none of the Administrator, the parties to the Series Certificate Agreement or the Holders of Certificates will cause the Series Pool to incur, assume or guarantee any liability or indebtedness. The Administrator will have no power or authority to assign, transfer or pledge any of the Assets of any Series Pool to any Person or otherwise dispose of any Assets of any Series Pool, except as otherwise permitted or required by the Series Certificate Agreement.

2.9 Initial Authentication and Delivery of Certificates. The initial Certificates will be executed, authenticated and delivered by the Administrator only after Freddie Mac executes the Series Certificate Agreement and thereby directs the execution, authentication and delivery of the Certificates. The Series Certificate Agreement will identify the Persons in whose names the Class A Certificates are to be registered, the Current Certificate Balances to be registered to each such Person, and also state that the Class B Certificates are to be registered in the name of the Pledge Custodian for the benefit of the Sponsor subject to the security interest created by the Reimbursement Agreement in favor of Freddie Mac, but only after each of the following is delivered or has occurred:

(1) *The Bonds.* The Bonds have been acquired by Freddie Mac and transferred to the Series Pool created by the Series Certificate Agreement.

(2) *Initial Deposits.* The initial deposit of cash required by the Series Certificate Agreement, if applicable, has been deposited in the Distribution Account.

(3) *Opinion of Counsel.* An Opinion of Tax Counsel, dated the Date of Original Issue, with respect to certain tax matters and an opinion of the General Counsel or one of the Deputy General Counsels to Freddie Mac dated the Date of Original Issue with respect to the status of the Certificates as exempt securities within the meaning of the laws administered by the United States Securities and Exchange Commission, and certain other matters pertaining to the authorization and enforceability of the Series Certificate Agreement.

(4) *Reimbursement Agreement.* The original executed Reimbursement Agreement has been delivered to the Administrator.

(5) *Sponsor's Acceptance.* If the Sponsor is designated by Freddie Mac in the Series Certificate Agreement, an acceptance by the Sponsor of its obligations set forth in the Series Certificate Agreement.

(6) *Rating Letters.* To the extent receipt of a rating letter is a condition to the issuance of any Certificates as provided in the Series Certificate Agreement, a favorable letter from the Rating Agency.

2.10 Identification of the Assets to a Series Pool. (a) Freddie Mac acknowledges its ownership of the Bonds on the Date of Original Issue. By its execution of the Series Certificate Agreement, Freddie Mac will simultaneously transfer the Bonds to the Series Pool created by the Series Certificate Agreement for the benefit of the Holders of the related Certificates, together with all of its interest in (a) the Bonds, including all Bond Payments made from and after the Date of Original Issue and all certificates and instruments, if any, representing the Bonds, (b) the Distribution Account and (c) all proceeds of the Bonds and the Distribution Account of every kind and nature.

(b) Freddie Mac will segregate the Assets of each Series Pool from all of its general assets and from any other bonds in its possession, and will hold the Assets of each Series Pool at all times during the existence of the Series Pool for the benefit of the related Holders. The Holders of the Class A Certificates and Class B Certificates will have the respective rights with respect to the Assets specified for each Class as set forth in the Series Certificate Agreement.

2.11 Delivery and Possession of Bonds. The Bonds identified to a Series Pool will not be subject to any Lien in favor of the Administrator (provided, Freddie Mac in its corporate capacity will be the beneficiary of the pledge of the Class B Certificates and any Pledged Class A Certificates).

2.12 Purposes and Powers. The Series Pool has been formed for the sole purpose of, and will engage only in the following activities: (a) acquiring, owning, holding and selling the Assets of the Series Pool; (b) issuing and selling Certificates as provided in the Series Certificate Agreement; and (c) such other activities as may be required by the express terms of the Series Certificate Agreement in connection with the conservation and administration of the Assets of the Series Pool and distributions to Holders.

2.13 Recharacterization. The parties intend that the transfer of the Assets to the Series Pool will be an acquisition by the Administrator on behalf of the Holders of all of Freddie Mac's interest in the Series Pool Assets. The parties do not intend that such transfer be deemed a pledge of the Series Pool Assets by Freddie Mac to secure a debt or other obligation of Freddie Mac. However, if, in spite of the parties' intent, the Series Pool Assets are held by a court to continue to be the property of Freddie Mac (a) the Series Certificate Agreement will be deemed a security agreement within the meaning of the applicable UCC, and may be properly filed as a financing statement and (b) the transfer of the Series Pool Assets will be deemed a Grant by Freddie Mac to the Administrator of an interest in all of Freddie Mac's interest in the Series Pool Assets, and all amounts payable to the holders of the Series Pool Assets in accordance with the terms of the Series Certificate Agreement, and all related proceeds. Any assignment of the interests of the Holders of the Certificates pursuant to any provision of the Series Certificate Agreement will also be deemed to be an assignment of any security interest created by this recharacterization provision. The Administrator will cause to be filed UCC financing statements on a periodic basis as necessary to maintain a security interest in the Series Pool Assets in favor of the Administrator in the event of any such recharacterization.

2.14 Decrease of Aggregate Outstanding Class B Certificate Balance. On any day that is (A)(i) a Reset Date for the applicable Reset Rate Method or (ii) a Business Day with the prior written consent of 100% of the Holders of Class A Certificates and (B) at least 10 Business Days following the delivery of notice of the below conversion to the Registered Holders, with the prior written consent of Freddie Mac, the Sponsor, if a Holder of Class B Certificates, acting alone or all of the Holders of Class B Certificates acting together, may direct the Administrator to convert a specified Current Certificate Balance of Class B Certificates to an equivalent Current Certificate Balance of Class A Certificates. If the Sponsor is the directing Holder alone, the Current Certificate Balance of Class B Certificates to be converted may be equal to or less than the Current Certificate Balance that it holds, subject to maintaining a minimum Current Certificate Balance of Class B Certificates of $5,000. If all Holders of Class B Certificates make such direction, the Current Certificate Balance of Class B Certificates to be converted for each such Holder will be proportional to each Holder's Current Certificate Balance of Class B Certificates prior to conversion, subject to the Sponsor's maintaining a minimum Current Certificate Balance of Class B Certificates of $5,000. Any such conversion will be effected by delivering to the Administrator (A) at least 15 Business Days prior to the date on which such conversion is to occur (i) a written request to increase the Current Certificate Balance of such Class A Certificates, and (ii) the written consent of Freddie Mac, and (B) on the date of the conversion, an equivalent Current Certificate Balance of Class B Certificates. The Administrator will promptly notify Freddie Mac and DTC of the resulting reduction in the Aggregate Outstanding Class B Certificate Balance and the corresponding increase in the Aggregate Outstanding Class A Certificate Balance, and the Liquidity Commitment will be increased accordingly.

Section 3.

SPONSOR COVENANTS; RELEASE EVENT

3.1 Negative Covenants. The Sponsor will not:

(i) sell, transfer, exchange or otherwise dispose of, or Grant a Lien on, any Series Pool Assets; or

(ii) claim any credit or deduction with respect to the principal or interest payable on the Certificates or pursuant to the Credit Enhancement or the Liquidity Facility (other than amounts properly withheld from such payments under the Code or other applicable tax law) on its federal, state or local income tax filings.

3.2 Other Obligations. Subject to Section 3.05, the Sponsor accepts all of its obligations under each of the Documents and will comply in all material respects with any obligations that are imposed on the Sponsor pursuant to any of such Documents, whether or not explicitly set forth in the Series Certificate Agreement.

3.3 Maintenance of Office or Agency. The Sponsor will maintain an office where notices to the Sponsor in connection with the Certificates and the Series Certificate Agreement may be served. The Sponsor will give prompt written notice to Freddie Mac, the Administrator and the Remarketing Agent of any change in the location of any notice office.

3.4 Payment of Certain Fees and Expenses The Series Certificate Agreement and the Reimbursement Agreement will provide for the payment to Freddie Mac of the Freddie Mac Fee. The Sponsor also agrees:

(a) except as otherwise expressly provided in the Series Certificate Agreement, to pay, or cause to be paid, to the Administrator (if different than Freddie Mac) the Administrator Fee; to pay, or cause to be paid, to the Remarketing Agent the Remarketing Agent Fee (each to the extent not paid from funds received by the Series Pool); and to pay, or cause to be paid, to the Initial Purchaser any amounts owed to the Initial Purchaser pursuant to the Remarketing Agreement in connection with issuing and selling the Class A Certificates and preparing all related offering documents;

(b) except as otherwise expressly provided in the Series Certificate Agreement or the last paragraph of Section 3.5 of the Reimbursement Agreement, to reimburse or cause reimbursement of the Administrator for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it in accordance with the Series Certificate Agreement (including the reasonable compensation, expenses and disbursements of its respective agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence, bad faith, fraud or willful misconduct; and

(c) to pay any amounts required to be paid by it pursuant to the Documents.

The provisions of this Section 3.04 will survive any termination of the Series Certificate Agreement.

3.5 Liabilities and Recourse Against Freddie Mac and the Sponsor for Liabilities of the Series Pool. (a) The Sponsor will perform only those duties of it that are specifically set forth in the Series Certificate Agreement, and does not assume any other obligation or liability under the Series Certificate Agreement. If the Series Certificate Agreement provides that the Partnership Factors apply to the Series Pool, the Sponsor will be corporately liable for any fees, expenses and other liabilities of the Series Pool arising under the Series Certificate Agreement to the extent not otherwise satisfied (excluding amounts due to Holders in respect of their Certificates). Except to the extent payable from the cash flow of the Bonds or by the Holders of Class B Certificates, the Sponsor agrees that any such fees, expenses and other liabilities will be without recourse against any other Holder, and that any such fees, expenses and liabilities will not be secured by the Bonds or any other Asset of the Series Pool.

(b) Subject to any credit enhancement with respect to any Bonds, the Issuer of each Bond is the sole obligor with respect to the payment of the principal or redemption price of such Bond, and interest on the Bond. The payments on the Bonds, amounts in the Distribution Account, the Credit Enhancement and the Liquidity Facility constitute the sole security for the Certificates. Each of the Sponsor and Freddie Mac has no obligation whatsoever with respect to any Bond or any payments due on the Bonds or with respect to the security for, or the sufficiency of, any such payments or any obligations of the Issuer, any related credit enhancer or any other Person arising in connection with the Bonds, other than the obligations of Freddie Mac under the Credit Enhancement and the Liquidity Facility. In the event of a default in the payment of the principal of or interest on, or any other amount payable with respect to, any of the Bonds, or in the event of a default under any credit enhancement with respect to such Bond, neither the Sponsor nor Freddie Mac will have any duty to proceed against the Issuer or any related credit enhancer and no obligation to assert any rights and privileges of the Holders with respect to such Bonds or such credit enhancement. Neither the Sponsor nor Freddie Mac will be under any obligation whatsoever to appear in, prosecute or defend any action, suit or other proceeding in respect of such Bonds or such credit enhancement; provided the Administrator may in its sole discretion and upon being provided with indemnification satisfactory to it agree to proceed against any such party at the written direction of the Registered Holders of at least 51% of the Current Certificate Balance of the Class A Certificates.

(c) Payment of the Purchase Price on any Class A Certificate will be made solely from amounts received by the Administrator pursuant to Section 6.06.

(d) The provisions of this Section 3.05 will survive any termination of the Series Certificate Agreement.

(e) Without limiting the foregoing, it is expressly acknowledged and agreed by the parties to the Series Certificate Agreement and other Documents, and any beneficiary of the Series Certificate Agreement by acceptance of its status as such beneficiary, and by Holders upon acceptance of a Certificate, and anyone having a beneficial interest in the Certificates by acceptance of its status as such beneficiary, that:

(i) Under no condition or circumstance will any recourse or personal liability whatever attach to or be incurred by, and under no condition or circumstance will any deficiency or other judgment be had against, the officers, directors, agents, employees or stockholders of the Sponsor or Freddie Mac, by reason of any obligation, covenant, agreement, representation, warranty or indemnity of the Sponsor or Freddie Mac under the Series Certificate Agreement, any Certificates or any document, instrument or certificate delivered hereunder or thereunder; and

(ii) They expressly waive recourse against, or personal liability of, any officer, director, agent, employee or stockholder of the Sponsor or Freddie Mac for breaches by Sponsor or Freddie Mac of any such obligation, covenant, agreement, representation, warranty or indemnity either at common law or at equity, or by statute or constitution; and

(iii) The permissive right of the Sponsor or Freddie Mac to take actions set forth in the Series Certificate Agreement will not be construed as a duty, and neither the Sponsor nor Freddie Mac will be answerable for other than its own fraud, bad faith, gross negligence or willful misconduct. Each of the Sponsor and Freddie Mac will not be liable for any action that it takes or omits to take in good faith (including, but not limited to any action it takes or omits to take as Tax Matters Partner pursuant to Section 11.10) and, in the absence of fraud, bad faith, gross negligence or willful misconduct, that it believes to be authorized or within its rights or powers.

(f) Each Registered Holder and Holder (by acceptance of its Certificate), each party to the Series Certificate Agreement (by its execution of the Series Certificate Agreement), and any other beneficiary of the Series Certificate Agreement (by its acceptance of its status as such a beneficiary), expressly acknowledges and agrees to each and every provision of this Section 3.05.

3.6 The Sponsor's Interest and Net Worth. The Sponsor represents, warrants and covenants that it (a) has and will maintain throughout the term of the Series Certificate Agreement a Capital Account Balance in an amount not less than the Minimum Sponsor Interest and, if the Series Certificate Agreement provides that the Partnership Factors will apply to the Series Pool, a net worth as determined in compliance with Section 4.07 of Revenue Procedure 89-12; and (b) will not take a distribution of any amount from the Assets of the Series Pool (other than in connection with the termination of the Series Pool) if such distribution would result in a Capital Account Balance with respect to its interest in the Series Pool less than the Minimum Sponsor Interest. These representations, warranties and covenants will survive the delivery of the related Bonds and the Certificates.

3.7 Successor Sponsor. If a party other than Freddie Mac is the Sponsor and the Sponsor wishes to assign its rights and obligations under the Series Certificate Agreement to another Person and Freddie Mac provides its prior written consent, the Sponsor will provide notice to the Administrator, the Remarketing Agent and each applicable Rating Agency, together with the written consent of Freddie Mac, at least 10 Business Days prior to the proposed effective date of such assignment. Such notice (a *"Successor Sponsor Notice"*) will set forth (A) a brief statement that the Sponsor is assigning its rights and obligations hereunder to the successor Sponsor named therein, (B) the proposed effective date of such assignment and (C) the Mandatory Tender Date on which the Class A Certificates will be subject to Mandatory Tender pursuant to Section 6.04 (subject to the right of retention), which day shall be the Business Day before the effective date of the assignment. When the Administrator has received the Successor Sponsor Notice, unless Freddie Mac consents, the assignment of the Sponsor to its successor will be irrevocable and will take place on the proposed date set forth in the Successor Sponsor Notice.

3.8 Release Event. At the election of Freddie Mac, in accordance with the Reimbursement Agreement, when a Release Event occurs, the affected series of Bonds (or portion thereof) will be subject to mandatory purchase from the Series Pool at the Release Purchase Price. Payment of such Release Purchase Price will be made by Freddie Mac pursuant to the Credit Enhancement or by the Sponsor. Any Bond purchased on the related Release Event Date will be deemed purchased by the Sponsor at the Release Purchase Price from funds provided pursuant to the Credit Enhancement or, if applicable, by the Sponsor. In addition, Hypothetical Gain Share, if any, as calculated by Freddie Mac, will be payable on the Release Event Date from amounts provided by the Sponsor to the Administrator on such Release Event Date (and such Hypothetical Gain Share will be paid to the Class A Certificateholders in addition to the Release Purchase Price). When purchased with monies provided pursuant to the Credit Enhancement, the Administrator will cause the transfer of the related Bonds to the Pledge Custodian to be held pursuant to the Reimbursement Agreement. When purchased with funds provided by the Sponsor, the Administrator will cause the transfer and release of the related Bonds to the Sponsor or as directed by the Sponsor.

When the Administrator receives amounts paid by Freddie Mac or the Sponsor in connection with a Release Event, the Administrator will promptly deposit an amount equal to the related Outstanding Bond Balance plus Hypothetical Gain Share, if applicable, into the Bond Payment Subaccount-Principal and an amount equal to accrued interest thereon into the Bond Payment Subaccount-Interest. The Administrator will provide notice of any Release Event to the Registered Holders, each applicable Rating Agency and the Remarketing Agent concurrently with the applicable Release Event Date, provided any failure to provide such notice shall not affect the validity of any payment made pursuant to this Section.

In addition to the foregoing notice, with respect to a Release Event occurring as a result of the Sponsor's delivery of notice to the Administrator that it has elected to purchase all of the Bonds in the Series Pool on either September 15, 2017 or September 15, 2020 (the "Optional Series Termination Date"), the Administrator, following receipt of such notice from the Sponsor, shall provide written notice to the Registered Holders of such Release Event not less than twenty (20) days prior to the Optional Series Termination Date, which notice will set forth (A) a brief statement that the Sponsor has elected to cause a Release Event of all of the Bonds on the Optional Series Termination Date, (B) that the Release Event is conditioned upon the Sponsor depositing at least five (5) Business Days prior to the Optional Series Termination Date funds sufficient to pay in full the Release Purchase Price and Hypothetical Gain Share, if any, due on the Optional Series Termination Date, and any additional amounts owed by the Sponsor to Freddie Mac (or making escrow arrangements acceptable to Freddie Mac with respect to the same) and (C) that if such conditions are not satisfied, such Release Event shall not occur.

3.9 Sponsor's Indemnification of the Administrator. The Sponsor will indemnify and hold harmless the Administrator from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of the activities of the Sponsor pursuant to the Series Certificate Agreement, including but not limited to, any judgment, award, settlement (to which the Sponsor has given its prior written consent, which will not be unreasonably withheld), reasonable attorneys' fees and expenses and other costs or expenses incurred in connection with the defense of any actual or threatened action proceeding or claim; provided, however, that the Sponsor will not indemnify the Administrator if such acts, omissions or alleged acts or omissions constitute fraud, gross negligence, bad faith or willful misconduct by the Administrator. This Section 3.09 will survive (i) the resignation or removal of the Administrator, (ii) the termination of the Series Certificate Agreement and (iii) the transfer by the Sponsor of any portion of its Certificates with respect to obligations incurred by the Sponsor under this Section 3.09 prior to such transfer.

3.10 Substitution of Bonds After Date of Original Issue.

(a) On any Payment Date after the Date of Original Issue (a *"Substitution Date"*), with the Required Class B Certificate Consent and the consent of Freddie Mac and subject to the prior delivery to the Administrator of a confirmation of the existing rating on the Class A Certificates from each applicable Rating Agency, the Sponsor may deliver to the Administrator a new series of Bonds (or up to two new series of Bonds) in substitution for an existing series of Bonds with respect to which an event of default exists under the related Bond Documents (or in the case of the existing Bonds relating to the Bent Tree, Ashley Square, Lake Forest or Fairmont Oaks Mortgaged Projects, also in the event of a sale of no more than two of the related Projects to a party not related to the Sponsor). Any series of Bonds delivered in substitution for an existing series of Bonds must have terms consistent with the series of Bonds being released, including principal amount (which must be equal to or less than the principal amount of Bonds being released), tax status, interest rate, interest payment date and interest modes. If such principal amount is less, the Sponsor must, prior to the substitution, provide funds to the Administrator in an amount sufficient to effect a Release Event with respect to the principal portion of the Bonds being released that is in excess of the principal amount of Bonds being substituted. In addition, upon any Substitution, the Sponsor must pay Hypothetical Gain Share, if any, as calculated by Freddie Mac, with respect to the total principal amount of Bonds being released. Such Hypothetical Gain Share will be paid to the Class A Certificateholders in addition to any applicable Release Purchase Price.

(b) The Sponsor shall, at least 10 days prior to each Substitution Date, submit a notice (a *"Substitution Notice"*) to the Administrator and the Remarketing Agent, which notice shall be accompanied by copies of the consents and rating confirmation (if applicable) referenced in Section 3.10(a) above and shall set forth the following:

(i) the series of Bonds to be released upon substitution;

(ii) with respect to the series of Bonds to be substituted, the items of information set forth on Schedule 1 of the Series Certificate Agreement;

(iii) the Substitution Date;

(iv) if applicable, the amount being paid by the Sponsor to effect a related Release Event and the Hypothetical Gain Share; and

(v) instructions to the Administrator to effect the substitution on the Substitution Date.

(c) Within five Business Days of its receipt thereof (and only if the Administrator has received the amount necessary to effect any related Release Event and the Hypothetical Gain Share, if applicable), the Administrator will forward a copy of the Substitution Notice to the Registered Holders and each applicable Rating Agency.

(d) On the Substitution Date, the Administrator shall effect the substitution if the aforementioned requirements have been satisfied. In addition, notwithstanding the foregoing, if the Series Certificate Agreement contains a representation that the Bonds were neither deposited with nor acquired with market discount in excess of a *de minimis* amount within the meaning of Section 1278(a)(2)(C) of the Code determined as of the Date of Original Issue, the same requirement shall apply to the substitution.

Section 4.

ACCOUNTS AND DISBURSEMENTS; CREDIT ENHANCEMENT

4.1 Collection of Money. Except as otherwise expressly provided in the Series Certificate Agreement, the Administrator will demand payment or delivery of, and will directly receive and collect all money and other property payable to the Administrator pursuant to the Series Certificate Agreement, and will hold such money and property as part of the Assets of the Series Pool.

4.2 Distribution Account; Establishment**.** (a) On or before the Date of Original Issue, the Administrator will establish the Distribution Account into which the Administrator will deposit all Bond Payments received from time to time, including Bond Redemption Premiums, all amounts paid pursuant to the Credit Enhancement, all amounts paid in connection with a Release Event, all Administrator Advances and all Bankruptcy Coverage Payments. The Distribution Account will have the following subaccounts: (i) the Bond Payment Subaccount – Interest; (ii) the Bond Payment Subaccount – Principal; (iii) the Bond Payment Subaccount – Holdback; and (iv) the Odd-Lot Subaccount.

(b) The Administrator will deposit into the Bond Payment Subaccount--Interest or Bond Payment Subaccount--Principal, as applicable, promptly upon receipt, Bond Payments in respect of each Bond Interest Payment Date or Bond Redemption Date, as applicable, Bond Payments in connection with any Release Event and any Bankruptcy Coverage Payments. The Administrator will also deposit into the Bond Payment Account--Interest any Administrator Advances it makes pursuant to Section 4.09. Prior to any Bond Interest Payment Date or Bond Redemption Date, as applicable, the Administrator will notify Freddie Mac of the amounts of each Bond Payment anticipated on such date. In connection with any Payment Date, the Administrator will notify Freddie Mac as soon as practicable by Electronic Notice of any amounts not received by the Administrator for such Payment Date corresponding to scheduled interest on and principal of the Bonds. If the Administrator receives any Bond Redemption Premium, it will promptly deposit it into the Bond Payment Subaccount – Principal. The Administrator will deposit into the Odd-Lot Subaccount the amounts required by Section 4.03(f).

(c) The Administrator will hold all sums under the Series Certificate Agreement for the payment of amounts due with respect to the Certificates separate and apart from its other assets for the benefit of the Persons entitled thereto.

(d) Upon receipt by the Administrator Day of any Bankruptcy Coverage Payments, the Administrator will promptly remit such monies to present and former Holders to the extent they are entitled thereto.

(e) In addition to the Distribution Account the Administrator may establish other accounts under the Series Certificate Agreement in order to carry out its duties.

(f) Amounts on deposit in the Distribution Account may be invested by the Administrator at the direction of Freddie Mac, and any investment earnings will be retained by Freddie Mac. Any such investment earnings will not constitute part of the Series Pool Assets and will at all times be accounted for separately and held segregated from and outside of the Distribution Account. If any loss from such investment occurs, Freddie Mac will be obligated to reimburse the Administrator for any such loss at the time it occurs. The Administrator will use any such reimbursement amount to replenish the Distribution Account.

4.3 Distributions and Payments from Bond Payment Subaccounts. (a) No later than 4:30 p.m. on each Payment Date, the Administrator will withdraw from the Bond Payment Subaccount--Interest and the Bond Payment Subaccount--Holdback the Available Funds deposited into each such subaccount and will distribute or retain, as applicable, the following amounts in the following priority, in each case to the extent of remaining Available Funds:

(i) first, pro rata to

1) the Registered Holders of Class A Certificates (other than Pledged Class A Certificates), the aggregate of the amounts of interest accrued, for each day in the Accrual Period related to that Payment Date at the Reset Rate in effect for each such day, on the Current Certificate Balance of such Certificates; and

2) the Pledge Custodian with respect to Pledged Class A Certificates, the aggregate of the amounts of interest accrued, for each day in the Accrual Period related to such Payment Date at the Reset Rate in effect for each such day, on the Current Certificate Balance of such Pledged Class A Certificates;

provided that on the First Payment Date, before making the foregoing distributions, the Administrator will transfer to the Person designated by the Sponsor the amount, if any, set forth in the Series Certificate Agreement as Accrued Interest on the Bonds;

(ii) second, to the Administrator, the amount of the Administrator Fee (if the Administrator is not Freddie Mac), the aggregate accrued Daily Administrator Advance Charges unpaid on such date (if Section 4.09 is made applicable under the Series Certificate Agreement) and all other reasonable amounts payable to the Administrator upon the issuance of a new Certificate pursuant to Section 2.05 or Section 2.07 or as reimbursement for its out-of-pocket expenses;

(iii) third, to the Administrator (if Section 4.09 is made applicable under the Series Certificate Agreement), the amount of any outstanding Administrator Advances previously made to Holders of Class A Certificates as of such Payment Date;

(iv) fourth, to Freddie Mac, the amount of the Freddie Mac Fee due and payable on such date;

(v) fifth, if provided for in the Series Certificate Agreement, pro rata, to the Holders of Class A Certificates, their Class A Certificate Notional Accelerated Principal Paydown Amounts, if any;

(vi) sixth, to the Remarketing Agent, the amount of the Remarketing Agent Fee due and payable on such date;

(vii) seventh, to the Servicer, the amount of the Servicing Fee due and payable on such date;

(viii) eighth, to the Bond Payment Subaccount—Holdback, the amount necessary to fully fund the Holdback Requirement, if applicable, as of such Payment Date; and

(ix) ninth, to the Pledge Custodian for the benefit of the Holders of Class B Certificates to be distributed in accordance with the terms of the Reimbursement Agreement, the remainder.

(b) No later than 4:30 p.m. on each Redemption Date, the Administrator will withdraw from the Bond Payment Subaccount -- Principal the Available Funds deposited into that subaccount and will distribute the following amounts in the following priority, in each case to the extent of remaining Available Funds:

(i) first, pro rata to (A) the Pledge Custodian, to pay the Outstanding Certificate Balance of Pledged Class A Certificates and (B) the Registered Holders of Class A Certificates, the sum of: (1) the remaining Available Funds (other than funds in respect of any Redemption Premium Payment or any Hypothetical Gain Share payable in connection with a Release Event) until the Aggregate Outstanding Class A Certificate Balance is reduced to zero; and (2) the Class A Holder's allocable share of the respective portion of the Redemption Premium Payment, if any, payable to Holders, determined in accordance with the definition of Gain Share or, in connection with a payment arising from a Release Event, the Class A Holder's allocable share of the Hypothetical Gain Share; *provided that,* if Freddie Mac makes a principal payment in connection with a Release Event, the portion of such principal payment to be paid pro rata to the Pledge Custodian with respect to the Pledged Class A Certificates and to the Registered Holders of Class A Certificates will be determined using the following formula:

Amount to be paid = X + Y
where X = (60%)(A + B) minus B
and Y = A minus (X + C minus D + E) [BUT Y WILL NEVER BE LESS
THAN ZERO]

and where:

A = the principal amount paid by Freddie Mac related to the applicable tax-exempt Bonds subject to a Release Event
B = the outstanding principal amount of taxable bonds that financed the same Project as the applicable Bonds
C = the Current Class B Certificate Balance
D = the Minimum Sponsor Interest ($5,000 where Partnership Factors have not been elected)

E = prior distributions of principal other than to Holders of Class A Certificates (including Pledged Class A Certificates) or Holders of Class B Certificates to pay amounts described in Subsection 4.03(b)(ii) below;1

1 Example 1:
Assumptions:

1. Outstanding Bond Balance of applicable Bonds: $9,000,000

2. Outstanding principal amount of related taxable bonds: $1,000,000

3. Current Class B Certificate Balance: $20,000,000

4. Partnership Factors have not been elected

5. No prior distributions of principal other than to Holders of Class A Certificates (including Pledged Class A Certificates), and Class B Certificates have been made.

X = (60%)($9,000,000 + $1,000,000) minus $1,000,000
X = (60%)($10,000,000) minus $1,000,000
X = $6,000,000 minus $1,000,000
X = $5,000,000
Y = $9,000,000 minus ($5,000,000 + ($20,000,000 minus ($5,000 + $0)))
Y = $9,000,000 minus ($5,000,000 + ($20,000,000 minus $5,000))
Y = $9,000,000 minus $24,995,000
Y is less than zero, so (Y) equals zero

Because X + Y = $5,000,000, $5,000,000 is the amount of principal paid pro rata against the Pledged Class A Certificates and Class A Certificates and $4,000,000 is paid against the Class B Certificates. Pledged Class A Certificates and Class A Certificates are redeemed pro rata in the amount of $5,000,000 and Class B Certificates are redeemed in the amount of $4,000,000. Redemption payments made on the Pledged Class A Certificates are paid to the Pledge Custodian; redemption payments made on the Class A Certificates are paid to the Registered Holders of Class A Certificates. Redemption payments made on the Class B Certificates are paid to the Pledge Custodian.

Example 2:

Assumptions: 1. Same assumptions, with the only difference being that the Current Class B Balance is $2,000,000.

X = $5,000,000
Y = $9,000,000 minus ($5,000,000 + ($2,000,000 minus ($5,000 + $0)))
Y = $9,000,000 minus ($5,000,000 + $1,995,000)
Y = $9,000,000 minus $6,995,000
Y = $2,005,000

Because X + Y = $7,005,000, $7,005,000 is the amount of principal paid pro rata against the Pledged Class A Certificates and the Class A Certificates and $1,995,000 is principal paid against the Class B Certificates.

(ii) second, to the Administrator, Freddie Mac, the Remarketing Agent and the Servicer, amounts owed to such parties pursuant to Subsections 4.03(a)(ii), (iii), (iv), (vi) and (vii) in the same order of priority to the extent any such amounts were not paid pursuant to such subsections;

(iii) third, (subject to the provisions of Section 4.03(c) and the agreement of the Sponsor to maintain a Minimum Sponsor Interest), to the Pledge Custodian for the benefit of Holders of Class B Certificates to be distributed in accordance with the terms of the Reimbursement Agreement, the remainder.

(c) All distributions made to Holders described above on each Payment Date will be made to the Registered Holders of the Certificates of record on the related Regular Record Date, based on the Current Certificate Balances of their respective Certificates; *provided*, *however*, that the final payment on each Certificate will be made only in accordance with payments to be made on a termination of the Series Pool pursuant to Article XIII. Subject to Section 2.02(b), each distribution with respect to Class A Certificates or Pledged Class A Certificates will be paid to DTC for distribution to DTC Participants, Indirect Participants and Holders in accordance with the Letter of Representations and the rules and regulations of DTC. Each distribution with respect to Class B Certificates will be paid to the Pledge Custodian on behalf of the Holders of the Class B Certificates. Any such payment to the Pledge Custodian will count as a payment with respect to the Class B Certificates when paid.

(d) If a payment error occurs, the Administrator, in its sole discretion, may elect to correct the error by adjusting payments to be made on later Payment Dates or in any other manner as it deems appropriate.

(e) Any provision of this Article IV notwithstanding, redemptions of Class A Certificates shall only be made in Permitted Increments. In the event of a partial redemption of Class A Certificates, the particular Class A Certificates to be redeemed shall be Selected by Lot.

(f) Any amounts not permitted to be distributed on any Redemption Date pursuant to Section 4.03(b)(i) as a result of subsection (e) above, shall be retained and held by the Administrator in the Odd-Lot Subaccount.

On the Date of Original Issue, the Sponsor shall cause to be deposited into the Odd-Lot Subaccount the initial amount specified in the Series Certificate Agreement. On the first Redemption Date, the Administrator shall withdraw from the Odd-Lot Subaccount any funds needed to round the amount to be distributed pursuant to Section 4.03(b)(i) to a Permitted Increment and pay the rounded amount on the Class A Certificates. On the next Redemption Date, the Administrator will apply Available Funds under Section 4.03(b) first to repay any amount withdrawn from the Odd-Lot Subaccount on the previous Redemption Date. The Administrator shall then round the remainder of the amount to be distributed pursuant to Section 4.03(b)(i) to a Permitted Increment by making another withdrawal from the Odd-Lot Subaccount, and shall pay this amount on the Class A Certificates. This process shall continue on each following Redemption Date until the Class A Certificates have been retired.

4.4 Administrator May Appoint Paying Agents. The Administrator may appoint one or more Paying Agents to perform the obligations of the Administrator under Section 4.03. Each such Paying Agent will execute and deliver to Freddie Mac an instrument in which such Paying Agent agrees with Freddie Mac to comply with all obligations and covenants imposed on Paying Agents by the Series Certificate Agreement and by such instrument. If appointed, a Paying Agent will provide notices to Freddie Mac pursuant to Section 6.06(a)(v) in connection with payments pursuant to the Liquidity Facility.

4.5 General Provisions Regarding Accounts. The Distribution Account and its related subaccounts will relate solely to the Certificates and to the Series Pool Assets, and funds in the Distribution Account and related subaccounts will not be commingled with any other funds.

4.6 Pledged Class A Certificates. (a) The Administrator will not obtain separate CUSIP identification numbers for Pledged Class A Certificates unless required by DTC. The Administrator will take any reasonable action requested by Freddie Mac in order to perfect or otherwise safeguard its security interest in the Pledged Class A Certificates, including arranging for such pledge to be noted in the records of DTC Participants.

(b) The Tender Option will not be effective with respect to any Pledged Class A Certificate, nor will any Pledged Class A Certificate be subject to Mandatory Tender on any Mandatory Tender Date.

(c) If the Class A Certificates are ever withdrawn from a book-entry system with DTC or another depository, when a Certificate becomes a Pledged Class A Certificate, the Administrator will exchange such Certificate for one or more new Certificates representing, separately, Pledged Class A Certificates and Certificates that do not constitute Pledged Class A Certificates.

4.7 Reports to Holders. (a) Each month, not later than the second Business Day prior to the Payment Date for that month, Freddie Mac will post on its Internet web-site the following information regarding the Class A Certificates:

(i) the related Payment Date for such monthly report;

(ii) the Class Factor for the Class A Certificates; and

(iii) the weighted average of the Reset Rate for the preceding monthly period.

If the Class A Certificates are to be redeemed in full on a Redemption Date, a notice as required by Section 13.02(a) will also be delivered by the Administrator.

(b) Any failure by the Administrator to post the information or provide the notice described in Section 4.07(a) above, will not impair or affect the validity of the redemption of any other Certificate.

4.8 Reductions of the Aggregate Outstanding Amounts. When any Certificates are transferred to the Administrator for cancellation, the Administrator will cancel those Certificates, and following such cancellation, the Aggregate Outstanding Certificate Balance will be reduced by the Current Certificate Balance of the canceled Certificates.

4.9 Administrator Advances and Daily Administrator Advance Charges. The Administrator may make Administrator Advances, if the Series Certificate Agreement provides for them to be made, as described below.

(a) *Administrator to Make Administrator Advances.* The Administrator may, but need not, make Administrator Advances to Holders of Class A Certificates on a Payment Date in an amount up to the Required Class A Certificate Interest Distribution Amount for the prior Accrual Period. The decision by the Administrator to make an Administrator Advance in any amount will be made in the sole discretion of the Administrator, and no decision to make an Administrator Advance on any Payment Date will impose any obligation to make an Administrator Advance of any further amount. On each occasion when the Administrator determines to make an Administrator Advance, the Administrator will notify the Remarketing Agent and Freddie Mac of such determination prior to 12:00 noon, on the Business Day prior to such Payment Date.

(b) *Repayment of Administrator Advances.* Unreimbursed Administrator Advances will be repaid from amounts deposited in the Bond Payment Subaccount-Interest as provided in Section 4.03(a) or from proceeds of Bonds sold as provided in Article XIII.

(c) *Administrator Advance Charge.* The Administrator will be entitled to receive a fee equal to the aggregate accrued Daily Administrator Advance Charges.

(d) *Payment of Daily Administrator Advance Charge.* Aggregate Daily Administrator Advance Charges will be paid, to the extent available, from Available Funds, on each Payment Date derived from interest payments on Bonds or in the Bond Payment Subaccount–Holdback before payments to Class A Holders on each Payment Date and as elsewhere herein upon the withdrawal, sale or redemption of Bonds.

(e) *Authorization to Deduct Administrator Advances, Administrator Advance Charges, Service Charges, Liquidity Charges and Administrator Fees.* Each Holder of Certificates, by its purchase thereof, authorizes the Administrator to deduct from payments on the Bonds any unreimbursed Administrator Advances, unpaid Daily Administrator Advance Charges, and accrued fees and reimbursements due to Freddie Mac, the Administrator, the Remarketing Agent or the Servicer.

(f) If the Administrator determines not to make Administrator Advances for any reason, interest distributions on the Class A Certificates will be made on each Payment Date in the manner described in Section 4.03(a) by the payment of the Available Funds in the Bond Payment Subaccount-Interest and the Bond Payment Subaccount-Holdback. After the payment of Administrator Fees and aggregate Daily Administrator Advance Charges, all amounts remaining in the Bond Payment Subaccount-Interest and the Bond Payment Subaccount-Holdback will be paid immediately to Holders of Class A Certificates on each Payment Date. Interest on the Class A Certificates will continue to accrue at the Reset Rate in effect for each Accrual Period without an increase in the accrual rate for any delay in payment.

4.10 [Reserved].

4.11 Credit Enhancement. Freddie Mac guarantees certain payments with respect to the Certificates as set forth below:

(a) Freddie Mac hereby guarantees to each Registered Holder of a Class A Certificate the timely payment on each Payment Date of such Holder's pro rata portion of

(i) interest on the Bonds equal to the Required Class A Certificate Interest Distribution Amount; and

(ii) that portion of the scheduled principal then due and payable on any Bond on the most recent Bond Redemption Date that was not received by the Administrator on such Bond Redemption Date (excluding any Bond Redemption Premium).

(b) Freddie Mac hereby guarantees to each Registered Holder of a Class A Certificate or a Class B Certificate the timely payment on each Release Event Date of the applicable Release Purchase Price (but not any Hypothetical Gain Share payable on such date).

(c) Freddie Mac hereby guarantees to the Registered Holder of the Class B Certificates the timely payment on each Payment Date of such Holder's residual interest set forth in Section 4.03(a) and the payment of the remainder of principal set forth in Section 4.03(b) (but in each such case only to the extent the Administrator has received Available Funds required to be paid to the Pledge Custodian, as Registered Holder, pursuant to Section 4.03(a) or Section 4.03(b), as applicable).

(d) In addition, with respect to any series of Bonds, if all or any portion of a payment of principal of (but not premium related to such Bonds), or interest on, such Bonds or the Release Purchase Price (but not Gain Share or Hypothetical Gain Share) is recovered from any Holder of a Certificate, in whole or in part, as a matter of a final, nonappealable order by a court of competent jurisdiction pursuant to section 544, 547, 549 or 550 of the United States Bankruptcy Code, or under the banking laws of the United States, in any proceeding instituted thereunder by or against the owner of the property that secures the applicable Bonds, or any other Person (other than Freddie Mac) making such payment, Freddie Mac will pay to the Administrator, within five (5) Business Days after receiving a written notice from the affected Registered Holders of the Certificates that were required to pay such recovery, an amount equal to the amount of such recovery. Nothing contained in this paragraph will preclude Freddie Mac, after making the payment referred to in the prior sentence, from contesting, directly or indirectly, in any such proceeding, any such attempted recovery or stay, or from seeking to lift or modify the automatic stay, and Freddie Mac in its capacity as Administrator, will have the right to contest any attempted recovery or stay, or to seek to lift or modify any automatic stay. The amounts payable pursuant to this paragraph will be deposited into the applicable Bond Payment Subaccount within the Distribution Account.

(e) Except as provided in the next sentence, Freddie Mac's obligations under the Credit Enhancement will terminate on the Series Expiration Date. Under certain circumstances involving an Act of Bankruptcy, Freddie Mac's obligations under the immediately preceding paragraph will continue beyond the Series Expiration Date, as follows: Freddie Mac's obligations under the immediately preceding paragraph will continue beyond the Series Expiration Date with respect to any payment (a "Covered Payment") on any series of Bonds made by an Owner, the Sponsor or any other person (other than Freddie Mac) within three hundred sixty-six (366) days prior to an Act of Bankruptcy with respect to such Bonds, and will terminate on the later to occur of (i) the date on which Freddie Mac has paid to the Administrator an amount equal to all Covered Payments recovered from the Holders pursuant to such proceeding, and (ii) the date on which all claims with respect to any such proceeding have been denied with prejudice by a final, nonappealable order of a court of competent jurisdiction, and (iii) if no Act of Bankruptcy has occurred, the last expiration date of all statutes of limitations applicable to claims against Holders pursuant to an Act of Bankruptcy. However, all Credit Enhancement obligations of Freddie Mac with respect to any series of Bonds will terminate on the earlier of (A) the receipt by the Administrator of a certificate of each Owner or the Sponsor, as applicable, dated not earlier than 366 days following the applicable Series Expiration Date to the effect that as of the date of the certificate no Act of Bankruptcy has occurred or (B) 380 days following such Series Expiration Date provided that the Administrator has not received notice that an Act of Bankruptcy has occurred.

(f) Freddie Mac will be subrogated to all the rights, interest, remedies, powers and privileges of the Holders with respect to any payments made by Freddie Mac pursuant to its Credit Enhancement set forth in this Section 4.11. In particular, to the extent Freddie Mac makes a payment pursuant to its Credit Enhancement under this Section 4.11 and has not been fully reimbursed for such payment pursuant to the terms of the Reimbursement Agreement, the Administrator will remit to Freddie Mac any subsequent Bond Payments or other payments received by the Administrator in satisfaction of the obligations with respect to which such Credit Enhancement payment was made. In the event Freddie Mac makes a payment pursuant to its Credit Enhancement under this Section 4.11 and is fully reimbursed for such Credit Enhancement payment in accordance with the Reimbursement Agreement, then any subsequent Bond Payments or other payments received by the Administrator in satisfaction of the obligations with respect to which such reimbursed Credit Enhancement payment was made, shall be paid to the Pledge Custodian for the benefit of the Holders of the Class B Certificates to be distributed in accordance with the terms of the Reimbursement Agreement. Each Holder of Certificates will be deemed to have consented to these subrogation rights.

(g) Any payments by Freddie Mac pursuant to its guaranty set forth in this Section 4.11 will be made by Freddie Mac using its own funds, and not any funds of the Sponsor or otherwise derived from the Bonds.

Section 5.

RESET RATES; RESET RATE METHOD; RESET DATES

5.1 Determination of Reset Rates, Reset Rate Methods and Reset Dates.

(a) Each Series of Class A Certificates may have a Reset Rate Method that is a Weekly Reset Rate Method, a Monthly Reset Rate Method or a Term Reset Rate Method. The Series Certificate Agreement will designate the initial Reset Rate Method as of the Date of Original Issue. The Remarketing Agent will determine the Reset Rate applicable to the Class A Certificates in accordance with this Article V, as applicable. The Holders of not less than 51% of the Aggregate Outstanding Class B Certificate Balance, with the consent of Freddie Mac, or Freddie Mac, if the interest rate hedge required by the Reimbursement Agreement is not in effect, will have the right to change the initial Reset Rate Method or any subsequent Reset Rate Method to another Reset Rate Method.

(b) (i) Any change in the Reset Rate Method from a Weekly Reset Rate Method or a Monthly Reset Method will be conditioned upon the remarketing of all Available Remarketing Class A Certificates for a price equal to the Current Class A Certificate Balance thereof; and (ii) any change in the Reset Rate Method from a Term Reset Rate Method or any continuation of a Term Reset Rate Method will be conditioned upon the remarketing of all Available Remarketing Class A Certificates for a price equal to the Current Class A Certificate Balance thereof.

(c) If all Available Remarketing Class A Certificates are not remarketed for a purchase price equal to the Current Class A Certificate Balance thereof as provided in Section 5.01(b), beginning on the date that would have been the Reset Rate Method Change Date or the Term Reset Date, as applicable, the Reset Rate Method that will be in effect will be a Weekly Reset Rate Method, and the Weekly Reset Rate will be determined by the Remarketing Agent on or prior to the Reset Rate Method Change Date or the Term Reset Date, as applicable, and will be effective from the day that would have been the Reset Rate Method Change Date or the Term Reset Date through the next succeeding Wednesday. The Reset Rate Method thereafter will continue to be a Weekly Reset Rate Method unless and until a Reset Rate Method Change Date occurs.

5.2 Weekly Reset Rate; Monthly Reset Rate.

(a) *Weekly Reset Rate; Weekly Reset Date.* If the Reset Rate Method is, or is being changed to, a Weekly Reset Rate Method, the Remarketing Agent will determine, by not later than 5:00 p.m. on each Weekly Reset Date, the Weekly Reset Rate for the Class A Certificates, which rate will be the per annum rate, not exceeding the Maximum Reset Rate, determined by the Remarketing Agent as the minimum rate of interest which would, in the judgment of the Remarketing Agent, under then prevailing market conditions (taking into account that such rate will be reset on the next Weekly Reset Date), result in a sale of the Class A Certificates at a market price equal to the Current Certificate Balance thereof, plus accrued interest. The Weekly Reset Rate applicable on the Weekly Reset Date in each week will be in effect from Thursday of such week through Wednesday of the following week, or, if earlier, through the day preceding the next Reset Rate Method Change Date. However, if on any Weekly Reset Date, the Remarketing Agent fails to establish the Weekly Reset Rate, the then applicable Reset Rate will be the lesser of the previous Reset Rate or the Maximum Reset Rate.

(b) *Monthly Reset Rate; Monthly Reset Date.* If the Reset Rate Method is, or is being changed to, a Monthly Reset Rate Method, the Remarketing Agent will determine, by not later than 5:00 p.m. on each Monthly Reset Date, the Monthly Reset Rate for the Class A Certificates, which rate will be the per annum rate, not exceeding the Maximum Reset Rate, determined by the Remarketing Agent as the minimum rate of interest which would, in the judgment of the Remarketing Agent, under then prevailing market conditions (taking into account that such rate will be reset on the next Monthly Reset Date), result in a sale of the Class A Certificates at a market price equal to the Current Certificate Balance thereof, plus accrued interest. The Monthly Reset Rate will be in effect from the first day of the month through the last day of such month or, if earlier, on the day preceding the next Reset Rate Method Change Date. However, if on any Monthly Reset Date, the Remarketing Agent fails to establish the Monthly Reset Rate, the then applicable Reset Rate will be the lesser of the previous Reset Rate or the Maximum Reset Rate. Six Business Days before any Monthly Reset Date, the Remarketing Agent will determine the Preliminary Class A Certificate Rate pursuant to the standard set forth in the first sentence of this Subsection 5.02(b). Upon such determination, the Remarketing Agent will immediately give telephonic notice of the Preliminary Class A Certificate Rate to each Holder requesting such notice. The Monthly Reset Rate may be more than, but will be at least equal to such Preliminary Class A Certificate Rate, *provided that* it may not exceed the Maximum Reset Rate.

(c) *Reset Rate Method Change Notice and Related Mandatory Tender.* If the Holders of not less than 51% of the Aggregate Outstanding Class B Certificate Balance, with the written consent of Freddie Mac (which may be conditioned upon a repricing by the Remarketing Agent), or Freddie Mac, if the interest rate hedge required by the Reimbursement Agreement is not in effect, at any time determine to change the Reset Rate Method from a Weekly Reset Rate Method to a Monthly Reset Rate Method, or from a Monthly Reset Rate Method to a Weekly Reset Rate Method, and gives the Administrator notice of such determination along with a copy of such consent if applicable, the Administrator will give, by Electronic Notice, a Reset Rate Method Change Notice to the Remarketing Agent and to the Registered Holders, not later than the second Business Day following the date Freddie Mac consents to or initiates such change. Each such Reset Rate Method Change Notice must be provided to the Holders of Class A Certificates no later than eight Business Days prior to the Reset Rate Method Change Date and state (A) that a Weekly Reset Rate Method or Monthly Reset Rate Method, whichever is applicable, will be in effect, following the Reset Rate Method Change Date, (B) the date on which such Weekly Reset Rate Method or Monthly Reset Rate Method will become effective, (C) that the Class A Certificates will be subject to Mandatory Tender on the Reset Rate Method Change Date (subject to the Class A Holders' right to retain their Class A Certificates) and (D) that the change in Reset Rate Method will be subject to the remarketing of all Available Remarketing Class A Certificates for a price equal to the Current Class A Certificate Balance thereof and if not remarketed, the Reset Rate Method will change to the Weekly Reset Rate Method. Such notice will be attached to the Mandatory Tender Notice that is required to be provided pursuant to Section 6.05.

5.3 Term Reset Rate; Term Reset Date.

(a) *Determination of Term Reset Rate.* Subject to the next two sentences of this Section 5.03(a), if the Reset Rate Method is, or is being changed to, a Term Reset Rate Method, the Remarketing Agent will determine by not later than 5:00 p.m. on the Term Reset Date the Term Reset Rate for the Class A Certificates, which rate will be the per annum rate, not exceeding the Maximum Reset Rate, determined by the Remarketing Agent as the minimum rate of interest which would, in the judgment of the Remarketing Agent, under then prevailing market conditions (taking into account that such rate will be reset on the next Term Reset Date), result in a sale of the Class A Certificates at a price equal to the Current Certificate Balance thereof, plus accrued interest. The Class A Certificates will only bear interest at the Term Reset Rate if on the Term Reset Date all Available Remarketing Class A Certificates are remarketed for a price equal to the Current Class A Certificate Balance thereof. If all Available Remarketing Class A Certificates are not remarketed for a price equal to the Current Class A Certificate Balance thereof, beginning on the date that would have been the Term Reset Date, the Class A Certificates will bear interest at the Weekly Reset Rate. The Term Reset Rate determined on each Term Reset Date will be in effect from the related Term Effective Date through the day preceding the earlier of the Series Expiration Date or the next Term Effective Date which period will not be less than 180 days nor exceed one year unless otherwise consented to by Freddie Mac; *provided that* if, on any Term Reset Date, the Remarketing Agent fails to establish the Term Reset Rate, the applicable Term Reset Rate will be the lesser of the previous Reset Rate or the Maximum Reset Rate. Following the First Optional Disposition Date, the period during which a Term Reset Rate may be in effect will not be less than 180 days nor exceed five years unless otherwise consented to by Freddie Mac. Six Business Days before any Term Reset Date, the Remarketing Agent will determine the Preliminary Class A Certificate Rate pursuant to the standard set forth in the first sentence of this Subsection 5.03(a). Upon such determination, the Remarketing Agent will immediately give telephonic notice of the Preliminary Class A Certificate Rate and the length of the ensuing term to each Holder requesting such notice. The Term Reset Rate may be more than, but will be at least equal to such Preliminary Class A Certificate Rate, *provided that* it may not exceed the Maximum Reset Rate.

(b) *Term Reset Method Notice and Related Mandatory Tender.* A Term Reset Rate may be set or reset as of the applicable Term Effective Date and may be set or reset at a fixed rate. If the Holders of not less than 51% of the Aggregate Outstanding Class B Certificate Balance, with the written consent of Freddie Mac, or Freddie Mac if the interest rate hedge acquired by the Reimbursement Agreement is not in effect, determine to change the Reset Rate Method from a Weekly Reset Rate Method or Monthly Reset Rate Method to a Term Reset Rate Method or to reset the Term Reset Rate as of the applicable Term Effective Date (and gives the Administrator notice of such determination along with a copy of such consent if applicable, in all events before any Term Reset Date and on or prior to the ninth Business Day prior to the Term Effective Date) the Administrator will give by Electronic Notice, a Term Reset Method Notice to the Remarketing Agent and to the Registered Holders not later than the Business Day following the date Freddie Mac consents to or initiates such change. Such notice will be attached to the Mandatory Tender Notice that is required to be provided pursuant to Section 6.05, if applicable. Each such Term Reset Method Notice will set forth: (A) a statement that the ensuing Reset Rate Method will be a Term Reset Rate Method, (B) the Term Effective Date on which the Term Reset Rate Method will take effect, (C) a statement that the Class A Certificates will be subject to Mandatory Tender on the Term Effective Date (subject to the Class A Holders' right to retain their Class A Certificates), provided that such date will be no earlier than eight Business Days following the date on which such notice is given to the Registered Holders by the Administrator, (D) the Term Reset Date on which the Term Reset Rate for such Term Effective Date will be determined, (E) a statement that the Preliminary Class A Certificate Rate will be determined six Business Days before the Term Reset Date, and (F) a statement that the beginning of the Term Reset Rate Method on the Term Reset Date will be subject to the remarketing of all Available Remarketing Class A Certificates for a price equal to the Current Class A Certificate Balance thereof and if not so remarketed, beginning on the date that would have been the Term Reset Date, the Class A Certificates will bear interest at the Weekly Reset Rate.

(c) *Reset Rate Method Change Notice and Related Mandatory Tender.* If the Holders of not less than 51% of the Aggregate Outstanding Class B Certificate Balance, with the written consent of Freddie Mac (which may be conditioned upon a repricing by the Remarketing Agent), or Freddie Mac, if the interest rate hedge required by the Reimbursement Agreement is not in effect, determine to change the Reset Rate Method from a Term Reset Rate Method to a Weekly Reset Rate Method or Monthly Reset Rate Method and give the Administrator notice of such determination along with a copy of such consent if applicable, no later than the ninth Business Day prior to the day that would be the Term Effective Date if the Term Reset Rate Method were to continue, the Administrator will give by Electronic Notice a Reset Rate Method Change Notice to the Remarketing Agent and to the Registered Holders not later than the Business Day following the date Freddie Mac consents or initiates such change. Such Reset Rate Method Change Notice will set forth (A) a statement that a Weekly Reset Rate Method or Monthly Reset Rate Method, whichever is applicable, will be in effect, (B) the date on which such Weekly Reset Rate Method or Monthly Reset Rate Method will become effective; provided that such date will be a Business Day not earlier than the first day following the end of the term which was in effect and not earlier than eight Business Days following the date on which such notice is given by the Administrator to the Registered Holders, (C) a statement that the Class A Certificates will be subject to Mandatory Tender on the Reset Rate Method Change Date (subject to the Class A Holders' right to retain their Class A Certificates) and (D) a statement that if all Available Remarketing Class A Certificates are not remarketed for a price equal to the Current Class A Certificate Balance thereof, beginning on the Reset Method Change Date all Class A Certificates will bear interest at the Weekly Reset Rate, notwithstanding, if applicable, the prior election to change the Reset Rate Method to the Monthly Reset Method. Such notice will be attached to the Mandatory Tender Notice that is required to be provided pursuant to Section 6.05.

(d) *Reversion to Weekly Reset Rate Method.* If the Administrator has not received a Term Reset Method Notice pursuant to Section 5.03(b), or a Reset Rate Method Change Notice pursuant to Section 5.03(c), by the ninth Business Day prior to the day that would be the Term Effective Date if the Term Reset Rate Method were to continue or if all Available Remarketing Class A Certificates have not been remarketed for a price equal to the Current Class A Certificate Balance thereof, the Reset Rate Method that will be in effect as of the end of such term will be a Weekly Reset Rate Method, and the Weekly Reset Rate will be determined by the Remarketing Agent on the last Business Day on or prior to the end of such term and will be effective from the day following the end of such term through the next succeeding Wednesday, or, if earlier, through the day preceding the next Reset Rate Method Change Date. Unless any such Reset Rate Method Change Date occurs on or prior to such Wednesday, the Reset Rate Method thereafter will continue to be a Weekly Reset Rate Method unless and until a Reset Rate Method Change Date occurs. On the eighth Business Day prior to the day that would be the Term Effective Date if the Term Reset Rate Method were to continue, the Administrator will give a notice to Freddie Mac and the Registered Holders of Class A Certificates setting forth (A) a statement that a Weekly Reset Rate Method will be in effect, (B) the date on which such Weekly Reset Rate Method will become effective, and (C) a statement that the Class A Certificates will be subject to Mandatory Tender on the Reset Rate Method Change Date (subject to the Class A Holders' right to retain their Class A Certificates). Such notice will be attached to the Mandatory Tender Notice that is required to be provided pursuant to Section 6.05.

5.4 Notice of Reset Rate. On each Weekly Reset Date, Monthly Reset Date and Term Reset Date, promptly after determining the Reset Rate applicable to the Class A Certificates, the Remarketing Agent will give to the Sponsor, the Administrator and Freddie Mac, by Electronic Notice, a notice setting forth (A) the Maximum Reset Rate, (B) the Reset Rate and (C) the date on which such Reset Rate will take effect in accordance with this Article V. Upon the giving of such notice to the Administrator, the determination of the Reset Rate by the Remarketing Agent will, in the absence of manifest error, be conclusive and binding upon the Remarketing Agent, the Administrator, Freddie Mac, and the Holders, subject to the Maximum Reset Rate. The Administrator and the Remarketing Agent will make the Reset Rate available by telephone to any requesting Holder during regular business hours.

5.5 No Changes in Reset Rate Method During the Two Business Days Preceding Mandatory Tender Date. No change in any Reset Rate Method will be effective during the last two Business Days preceding any Mandatory Tender Date.

5.6 Maximum Reset Rate. In no event will the rate at which interest will accrue on any day on the Class A Certificates exceed the Maximum Reset Rate for such day. The Maximum Reset Rate will be calculated by the Remarketing Agent on each Reset Date immediately prior to the determination of the Reset Rate.

Section 6.

THE LIQUIDITY FACILITY; THE TENDER OPTION; MANDATORY TENDER

6.1 Tender Option; Rights of Holders; Liquidity Facility**.** (a) Each Holder of a Class A Certificate will have the right, at its option, at the times and in compliance with the requirements and subject to the provisions of Section 6.03, to tender such Holder's Class A Certificate in Authorized Denominations to the Administrator for purchase and to receive payment of the Purchase Price thereof pursuant to Section 6.06. This right of tender is not available to Affected Certificates after the occurrence of an applicable Tender Option Termination Event or to Pledged Class A Certificates.

(b) (i) Freddie Mac agrees to provide payment of the Purchase Price of Class A Certificates (other than Affected Certificates or Pledged Class A Certificates) on a Purchase Date, Optional Disposition Date or Mandatory Tender Date, as applicable, in accordance with the following provisions. Subject to its receipt of notice from the Remarketing Agent as provided in Section 6.01(b)(iii) and, if applicable, from the Paying Agent pursuant to Section 6.06(a)(v), Freddie Mac hereby agrees to pay the Administrator no later than 2:00 p.m. on any Purchase Date, Optional Disposition Date or Mandatory Tender Date, as applicable, the Purchase Price of any Class A Certificate that is subject to (i) Optional Tender, (ii) Mandatory Tender following a Mandatory Tender Event, or (iii) the right of Holders of Class A Certificates to exercise the Optional Disposition Right (in each instance, less any available remarketing proceeds as provided in Section 6.06(a) or in the case of Class A Certificates subject to Mandatory Tender in connection with a Special Adjustment Event, only to the extent the applicable Purchase Price is not funded from the sources described in Sections 7.02(c) or (d) of these Standard Terms). Unless a Tender Option Termination Event has occurred and continues with respect to all of the Certificates, this obligation of Freddie Mac is binding against it, irrespective of any insolvency, bankruptcy, assignment for the benefit of creditors or readjustment of the debts of, or other similar events or proceedings affecting, any Person, or any action taken by any trustee or receiver, or any court in any such proceeding, or any allegation of invalidity of the agreement of Freddie Mac to make such payments in any such proceeding.

(ii) The initial Liquidity Commitment is an amount equal to the sum of (A) the Aggregate Outstanding Class A Certificate Balance as of the Date of Original Issue plus (B) an amount equal to interest for thirty five (35) days on the Aggregate Outstanding Bond Balance at a rate per annum equal to the Weighted Average Bond Rate assuming that the Bond Rate is the maximum possible rate for the related Bond. The Liquidity Commitment will be increased on any date on which Class B Certificates are converted to Class A Certificates pursuant to Section 2.14 so that as of such date of conversion, the Liquidity Commitment will be the Aggregate Outstanding Class A Certificate Balance plus an amount equal to interest for thirty five (35) days on the Aggregate Outstanding Bond Balance at a rate per annum equal to the Weighted Average Bond Rate assuming that the Bond Rate is the maximum possible rate for the related Bond. The Liquidity Commitment shall be decreased on any date on which Class A Certificates (A) are canceled or exchanged for Bonds or proceeds from the Disposition of Bonds or (B) become Pledged Class A Certificates pursuant to the Series Certificate Agreement.

(iii) Freddie Mac's obligation to pay the Purchase Price with respect to any Available Remarketing Class A Certificates on any Purchase Date, Optional Disposition Date or Mandatory Tender Date pursuant to the Liquidity Facility is subject to the condition precedent that Freddie Mac has timely received from the Remarketing Agent and, if applicable, the Paying Agent, all notices required to be received by Freddie Mac pursuant to Section 6.06 no later than 9:00 a.m. and 10:00 a.m., respectively, on such date, in which event Freddie Mac will pay the amounts required under the Liquidity Facility no later than 2:00 p.m. on such date. If Freddie Mac receives such notice from the Remarketing Agent after 9:00 a.m., or from the Paying Agent, if applicable, after 10:00 a.m., it will pay the amounts required under the Liquidity Facility no later than 2:00 p.m. on the Business Day following the Purchase Date, as applicable.

(iv) The Administrator will receive and hold for the benefit of Freddie Mac all funds provided by Freddie Mac under the Liquidity Facility on account of the Purchase Price of Class A Certificates and will not disburse such funds until the tendered Class A Certificates have been received from the Registered Holders of the Tendered Class A Certificates. On the Purchase Date, the Administrator will cause Pledged Class A Certificates to be registered in the name of the Pledge Custodian until remarketed or redeemed, subject to the security interest provided for in the Reimbursement Agreement.

(v) When Freddie Mac pays the Purchase Price of Class A Certificates tendered as provided above, all payment obligations of Freddie Mac related to the payment of the Purchase Price of such Class A Certificates will terminate, subject to reinstatement as provided in the next sentence. Freddie Mac's obligation to pay all or a portion of the Purchase Price of such tendered Class A Certificates, as applicable, will be reinstated (A) automatically, when and to the extent that (1) Freddie Mac has confirmed in writing to the Administrator full reimbursement in immediately available funds for the amount provided by it pursuant to the Liquidity Facility to pay all or a portion of the Purchase Price of such tendered Class A Certificates or (2) the Administrator has received immediately available funds from the Remarketing Agent or other applicable source to reimburse Freddie Mac fully for the amount provided to pay all or a portion of the Purchase Price of such tendered Class A Certificates, and the Remarketing Agent has delivered to Freddie Mac a certificate to that effect, by facsimile transmission to the Director of Multifamily Management and Information Control (with confirmation of the facsimile transmission by (X) telephone call to the Director of Multifamily Management and Information Control, and (Y) concurrently mailed an original certificate to that effect, completed and signed by an officer of the Remarketing Agent, by first-class mail, postage fully prepaid, to the Director of Multifamily Management and Information Control or to such other offices or Freddie Mac employee as Freddie Mac designates by written notice to the Remarketing Agent) or (B) at such time as and to the extent that Freddie Mac, in its discretion, advises the Remarketing Agent in writing that such reinstatement will occur, it being understood that Freddie Mac has no obligation to grant any such reinstatement except as provided in clause (A) immediately above. Freddie Mac may, by notice to the Administrator and Remarketing Agent, change the office or employee to which such notice is to be provided.

(vi) The Liquidity Facility will terminate on the earlier of (i) the date that the Reset Rate Method for the Class A Certificates is changed to the Term Reset Rate Method for a term interval that ends on the latest maturity date of the Bonds, (ii) the termination of the Series pursuant to Article XIII, (iii) the occurrence of a Tender Option Termination Event with respect to all of the Certificates, or (iv) the date on which the Class A Certificates have been redeemed in full.

6.2 Funds Held by Administrator. In connection with an exercise of the Tender Option pursuant to Section 6.03, if a Mandatory Tender Event occurs pursuant to Section 6.04, or in connection with an exercise of the Optional Disposition Right pursuant to Section 7.05, the Administrator, on behalf of the Holders of Class A Certificates (other than Affected Certificates and Pledged Class A Certificates), agrees to accept and hold all moneys related to the Purchase Price of such Certificates separate and apart from its other assets, until such funds are to be disbursed in accordance with the terms of the Series Certificate Agreement.

6.3 Exercise of Tender Option**.** (a) *Purchase Dates.* Class A Certificates as to which a Weekly Reset Rate Method is in effect are eligible for purchase pursuant to the Tender Option on any Business Day, subject to compliance with the notice and other requirements set forth Section 6.03(b). Class A Certificates as to which a Monthly Reset Rate Method is in effect are eligible for purchase pursuant to the Tender Option only on the first Business Day of every calendar month. Class A Certificates as to which a Term Reset Rate Method is in effect are not eligible for purchase pursuant to the Tender Option; such Class A Certificates are subject to mandatory tender on the Mandatory Tender Date following a Mandatory Tender Event, subject to the Holder's right to retain its Class A Certificate.

(b) *Exercise Notice and Delivery Requirements for Class A Certificates.* In order to exercise the Tender Option with respect to Class A Certificates, a Holder will instruct its DTC Participant to (i) give to the Administrator and the Remarketing Agent, not later than 5:00 p.m. on the fifth Business Day preceding the applicable Purchase Date, a notice of exercise of the Tender Option (an "Exercise Notice"), (ii) deliver not later than 11:00 a.m. on the Purchase Date "free" to the Administrator, by book-entry transfer into the Administrator's account at DTC, all tendered Certificates, and (iii) advise the Administrator, in writing, of the single account of such DTC Participant into which payment for such Certificates (for all Holders using such DTC Participant) is to be transferred. Any such Exercise Notice (A) will specify the Initial Certificate Balance and Current Certificate Balance in Authorized Denominations of the Certificates tendered and the Purchase Date on which such Certificates will be purchased, and (B) will be given telephonically, with prompt confirmation by Electronic Notice, to the Administrator at its principal office and to the Remarketing Agent at its principal office.

(c) *Irrevocability of Exercise Notice.* Any exercise of the Tender Option made pursuant to this Section 6.03 will be irrevocable, and from and after the giving of an Exercise Notice to the Administrator or the Remarketing Agent in accordance with Section 6.03(b), the Class A Holder will have no further rights or interests in such Class A Certificates other than the right to receive payment of the Purchase Price, without interest on such Class A Certificates from and after the Purchase Date, as provided in Section 6.06, from moneys held by the Administrator for such purpose, upon delivery or deemed delivery of such Certificates to the Administrator in accordance with Section 6.03.

(d) *Failure to Deliver Class A Certificates Following Exercise Notice.* If an Exercise Notice with respect to any Class A Certificate is duly given by any DTC Participant, but the Class A Certificate described in such Exercise Notice is not timely delivered to the Administrator as described in Section 6.03, the Administrator will deem such Class A Certificate to have been delivered, and the Administrator will promptly notify the DTC Participant that the DTC Participant will be required to deliver such Certificate to the Administrator as described in Section 6.03(b).

(e) *Re-Delivery in Event of Failed Exercise.* If the Administrator deems the Tender Option not to have been exercised with respect to any Class A Certificate, or if any Class A Certificates are delivered to the Administrator in connection with an attempted exercise of the Tender Option, but such attempted exercise does not comply with the requirements of subsection (b) above, the Administrator will reject such exercise and use its best efforts to redeliver such Class A Certificates by requesting the transfer of such Certificates "free" on the records of DTC to the Holder's DTC Participant.

(f) *Tender Advice.* Not later than 5:00 p.m. on the Business Day after it receives an Exercise Notice, the Administrator will give Freddie Mac, the Remarketing Agent and DTC a Tender Advice by Electronic Notice setting forth (i) the Purchase Date, and (ii) the Current Certificate Balance in Authorized Denominations of such Class A Certificates tendered for purchase.

6.4 Mandatory Tender Events. Class A Certificates (other than Affected Certificates and Pledged Class A Certificates) are subject to Mandatory Tender in accordance with the procedures set forth in Sections 6.05, 6.06, 6.07 and 6.08. Subject to the right of a Holder of Class A Certificates to retain its Class A Certificates pursuant to Section 6.07, the Class A Certificates (other than Affected Certificates and Pledged Class A Certificates) are subject to Mandatory Tender on the earliest to occur of (a) the Business Day specified by Freddie Mac pursuant to Section 7.03 below with respect to a Liquidity Provider Termination Event, (b) the fifth (5th) Business Day after the Administrator provides notice to the Holders with respect to a Sponsor Act of Bankruptcy pursuant to Section 7.04, (c) on the Business Day prior to the date of assignment described in Section 3.07 in connection with a Successor Sponsor, (d) a Term Effective Date (that is not a Reset Rate Method Change Date), (e) a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Weekly Reset Rate Method or Monthly Reset Rate Method to a Monthly Reset Rate Method or a Term Reset Rate Method, (f) a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Term Reset Rate Method or a Monthly Reset Rate Method to a Weekly Reset Rate Method or Monthly Reset Rate Method, (g) the date on which an amendment to the Standard Terms described in Section 12.01(b) of the Standard Terms becomes effective, (h) the date specified by Freddie Mac as described in Section 7.02(b) below with respect to a Special Adjustment Event and (i) the date specified by Freddie Mac or the Sponsor as described in Section 7.06(b) below with respect to a Clean-Up Event (each, a *"Mandatory Tender Date"*). Holders of Affected Certificates and Pledged Class A Certificates have no right to tender such Affected Certificates or Pledged Class A Certificates for purchase by the Administrator at the Purchase Price upon the occurrence of a Mandatory Tender Event.

6.5 Notice of Mandatory Tender**.** (a) When any Mandatory Tender Event occurs, the Administrator will give to the Registered Holders a Mandatory Tender Notice, as applicable, with one copy to Freddie Mac, the Sponsor and the Remarketing Agent (i) on the Business Day on which such notice is required to be given pursuant to Section 7.03(b) in connection with the occurrence of a Liquidity Provider Termination Event, (ii) on the Business Day on which such notice is required to be given pursuant to Section 7.04 in connection with the occurrence of a Sponsor Act of Bankruptcy, (iii) on the Business Day on which notice is required to be given pursuant to Section 3.07 in connection with a Successor Sponsor, (iv) on the Business Day on which such notice is required to be given in connection with a Term Reset Method Notice, a Reset Method Change Notice or a reversion to a Weekly Rate Reset Method, (v) on the Business Day on which notice is required to be given pursuant to the procedures related to a Section 12.01(b) amendment, (vi) on the Business Day on which such notice is required to be given with respect to a Special Adjustment Date pursuant to Section 7.02(b) and (vii) on the Business Day on which notice is required to be given pursuant to Section 7.06(b) in connection with the occurrence of a Clean-Up Event. Each Mandatory Tender Notice will set forth (A) the Mandatory Tender Date, (B) a brief statement specifying the applicable Mandatory Tender Event, (C) a statement that the Purchase Price payable to the Holders of Class A Certificates (other than Affected Certificates, Pledged Class A Certificates or Class A Certificates with respect to which the Holders thereof have timely delivered a Retention Notice) pursuant to Section 6.06 will be payable on the Mandatory Tender Date, and that interest payable with respect to such Class A Certificates will cease to accrue from and after such Mandatory Tender Date, (D) in connection with a Terminating Mandatory Tender Date, a statement that Hypothetical Gain Share, if any, will be paid to the Holders of Class A Certificates based upon a valuation of the Bonds, (E) if applicable, a statement that such Class A Holder will have the right to elect to retain such Certificates by delivering a Retention Notice to the Administrator under the circumstances, at the time and in the manner provided in Section 6.07, (F) a statement that even if the Holder of Class A Certificates fails to surrender its Class A Certificate on the Mandatory Tender Date, the Tender Option with respect to such Certificates will terminate on the Mandatory Tender Date, and any Class A Certificates not surrendered on the Mandatory Tender Date will, for all purposes of the Series Certificate Agreement, be deemed to have been surrendered unless the applicable Holder of Class A Certificates has delivered a conforming Retention Notice; and (G) a statement that, notwithstanding such Mandatory Tender Notice, each affected Holder of Class A Certificates will continue to have the right to exercise the Tender Option in accordance with the terms and provisions of the Series Certificate Agreement; *provided that*, if the Series is terminated as a result of such Mandatory Tender Event, such right will terminate at the last applicable time and date on which an Exercise Notice may be given by or on behalf of such Holder of Class A Certificates in accordance with the terms and provisions of the Series Certificate Agreement.

(b) *Tender Advice.* Not later than 10:00 a.m. on the second Business Day prior to any Mandatory Tender Date, the Administrator will give a Tender Advice by Electronic Notice to DTC, the Remarketing Agent and Freddie Mac setting forth (A) such Mandatory Tender Date, (B) the aggregate Current Certificate Balance of Class A Certificates subject to Mandatory Tender and (C) if applicable, the Authorized Denominations of Class A Certificates with respect to which a conforming Retention Notice has been received by the Administrator.

***6.6* Funding Procedures; Payment of Purchase Price**.

(a) *Funding Procedures.* (i) The Purchase Price of any Class A Certificate will be paid as follows if the applicable conditions have been satisfied:

(A) A Holder of Class A Certificates that has properly exercised its Tender Option will be paid on the Purchase Date designated in the related Exercise Notice.

(B) A Holder of Class A Certificates subject to Mandatory Tender will be paid on the Mandatory Tender Date designated in the related Mandatory Tender Notice.

(C) A Holder of Class A Certificates that has properly exercised its Optional Disposition Right will be paid on the Optional Disposition Date.

The Administrator will obtain funds to make such payments on or before the designated date for distribution as provided in Section 6.06(c) from the Person indicated below in the following order of priority:

(1) with respect to Available Remarketing Class A Certificates as described in Section 6.06(a)(ii) only, the Remarketing Agent will deposit with the Administrator, immediately available funds in an amount equal to the net proceeds from the remarketing of such Class A Certificates up to the amount of such Purchase Price, or with respect to Class A Certificates subject to Mandatory Tender as a result of a Special Adjustment Event as described in Section 7.02 only, the Pledge Custodian or the Sponsor, as applicable, will deposit with the Administrator immediately available funds in the amount of such Purchase Price; and

(2) with respect to Tendered Class A Certificates, all Class A Certificates subject to Mandatory Tender, or Class A Certificates with respect to which the Holder has exercised the Optional Disposition Right, the Administrator will, subject to the terms and conditions of the Liquidity Facility, demand payment of an amount equal to such Purchase Price (less any amounts received from remarketing proceeds), which will be deposited with the Administrator on behalf of the Holders by Freddie Mac, in immediately available funds.

(ii) Upon receipt by the Administrator and the Remarketing Agent of (A) an Exercise Notice with respect to Tendered Class A Certificates, (B) notice of a Mandatory Tender Date with respect to a Term Effective Date (that is not a Reset Rate Method Change Date) or a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method, (C) notice of a Mandatory Tender Date with respect to an amendment to the Standard Terms pursuant to Section 12.01(b), (D) notice of a Mandatory Tender Date with respect to the appointment of a successor Sponsor, and (E) unless otherwise directed by Freddie Mac, notice that any Holder of Class A Certificates has exercised its Optional Disposition Right (all Certificates being subject to any such notice being referred to as "*Available Remarketing Class A Certificates*"), the Remarketing Agent will use its best efforts to solicit offers for purchases of such Available Remarketing Class A Certificates in accordance with the Remarketing Agreement and the Series Certificate Agreement. With respect to any Available Remarketing Class A Certificates that the Remarketing Agent has been able to obtain successfully a bid for the purchase thereof, which bid, if accepted, would be binding on the bidder for the consummation of the sale of such Available Remarketing Class A Certificates, the Remarketing Agent shall in accordance with the Remarketing Agreement provide funds, as principal and not as agent, to the Administrator to effect such purchase.

(iii) Not later than 9:00 a.m. on the Purchase Date, a Mandatory Tender Date or an Optional Disposition Date, as applicable, the Administrator will confirm with the Remarketing Agent the Purchase Price of such Available Remarketing Class A Certificates. Not later than 9:00 a.m. on the Purchase Date, Mandatory Tender Date or Optional Disposition Date, as applicable, the Remarketing Agent will give to Freddie Mac and the Administrator, a Remarketing Agent Notice by Electronic Notice, promptly confirmed by first class mail. Such Remarketing Agent Notice will contain (A) a statement that such Available Remarketing Class A Certificates have been fully remarketed, and that the net remarketing proceeds will be deposited with the Administrator by not later than 9:15 a.m. on such Purchase Date, Mandatory Tender Date or Optional Disposition Date, as applicable, or (B) a statement that only a portion of such Available Remarketing Class A Certificates have been remarketed and the remarketing proceeds that were obtained will be deposited with the Administrator by not later than 9:15 a.m. on the Purchase Date, Mandatory Tender Date or Optional Disposition Date, as applicable, or (C) a statement that such Available Remarketing Class A Certificates have not been remarketed by the Remarketing Agent and that no funds will be deposited with the Administrator on the Purchase Date, Mandatory Tender Date or Optional Disposition Date, as applicable. If such Available Remarketing Class A Certificates have been remarketed and the Remarketing Agent has received the remarketing proceeds, the Remarketing Agent will, not later than 9:15 a.m. on the Purchase Date, Mandatory Tender Date, or Optional Disposition Date, as applicable, deposit with the Administrator, from the remarketing proceeds, immediately available funds in the amount specified in the Remarketing Agent Notice.

(iv) If Freddie Mac has received a Remarketing Agent Notice from the Remarketing Agent as described in Section 6.06(a)(iii) indicating a failure to remarket any of the Available Remarketing Class A Certificates and requesting payment, Freddie Mac will make a payment in accordance with the conditions set forth in the Liquidity Facility of the Purchase Price of such Available Remarketing Class A Certificates not remarketed (net of any remarketing proceeds that have been received) no later than 2:00 p.m. on the Purchase Date. Any such Remarketing Agent Notice must be sent to Freddie Mac's Special Transaction Accounting by facsimile transmission at (703) 714-3273, immediately confirmed by overnight delivery service (or to such other facsimile number or using such other means of electronic communication as otherwise instructed by Freddie Mac).

(v) If the Administrator has appointed a Paying Agent, it will be an additional condition precedent to Freddie Mac's obligations to pay pursuant to the Liquidity Facility that no later than 10:00 a.m. on the Purchase Date, Mandatory Tender Date or Optional Disposition Date, as applicable, the Paying Agent will have provided proper notice by facsimile means to Freddie Mac to the effect that monies held by the Paying Agent for the purpose of paying the Purchase Price of Tendered Class A Certificates are insufficient and that Freddie Mac is required pursuant to the Liquidity Facility to cover such deficit.

(b) *Purchase Price Excesses.* If, as of any time preceding the payment of the Purchase Price of Class A Certificates the sum of the amounts deposited with the Administrator pursuant to Section 6.06(a) exceeds the aggregate Purchase Price of such Class A Certificates (any such excess, a *"Purchase Price Excess"*), the Administrator will (i) give to the Remarketing Agent and Freddie Mac notice of the amount of such Purchase Price Excess by Electronic Notice, and (ii) pay by wire transfer of immediately available funds unless otherwise requested (A) first, to Freddie Mac, that portion of the Purchase Price Excess funded by Freddie Mac pursuant to the Liquidity Facility and (B) second, to the Remarketing Agent, the balance of such Purchase Price Excess. Such payments will be made by the Administrator in accordance with written instructions for such transfer provided by Freddie Mac. Concurrently with the receipt by Freddie Mac or the Remarketing Agent, as the case may be, of any payment made pursuant to this Section 6.06(b), such Person will execute and deliver to the Administrator a receipt therefor.

(c) (i) *Payment of Purchase Price of Tendered Class A* Certificates. Payment of the Purchase Price of any Tendered Class A Certificates will be made by the Administrator at or before 3:00 p.m. to the Class A Holders, upon receipt by the Administrator of such Class A Certificates pursuant to Section 6.03(b), from amounts provided to the Administrator by 2:00 p.m., by wire transfer of immediately available funds to such account as such Holder's DTC Participant has specified in writing to the Administrator. If all or a portion of funds for the payment of the Purchase Price of any Tendered Class A Certificates are provided the Administrator after 2:00 p.m. on any Business Day, the Administrator will pay such Purchase Price or portion thereof to the related DTC Participant by not later than 3:00 p.m. on the next succeeding Business Day.

(i i) *Payment of Purchase Price of Certificates Subject to Mandatory Tender or Optional Disposition Right.* Subject to Section 6.07, payment of the Purchase Price of any Class A Certificates subject to Mandatory Tender or the Optional Disposition Right will be made by the Administrator to the Class A Holders, from amounts provided to the Administrator from remarketing proceeds, from in the case of a Mandatory Tender related to a Special Adjustment Event the Pledge Custodian or the Sponsor, or from the Liquidity Facility, as applicable, pursuant to Section 6.06(a) only upon presentation and surrender of the Class A Certificates by the Class A Holder, on the Mandatory Tender Date or Optional Disposition Date, as applicable, at the principal office of the Administrator. Such payment will be made by the Administrator at or before 3:00 p.m. to the Class A Holder from amounts provided to the Administrator by 2:00 p.m. on any Business Day for such purpose pursuant to Section 6.06(a), by payment to the Class A Holder by wire transfer of immediately available funds to such account as such Holder's DTC Participant specifies in writing to the Administrator. If all or a portion of the funds for payment of the Purchase Price of a Class A Certificate that is subject to Mandatory Tender or the Optional Disposition Right are provided to the Administrator after 2:00 p.m. on any Business Day, the Administrator will pay such Purchase Price or portion thereof to the related DTC Participant by not later than 3:00 p.m. on the next succeeding Business Day.

(iii) *Failure to Pay Purchase Price.* If payment of the Purchase Price is not made as described in Section 6.06(c)(i) or (ii), as applicable, on any Purchase Date for Class A Certificates for which the Tender Option has been exercised, any Mandatory Tender Date or the Optional Disposition Date for Class A Certificates for which the Optional Disposition Right has been exercised because of a failure by the Liquidity Provider to comply with the terms of the Liquidity Facility (a *"Liquidity Failure"*), then, unless such failure is cured on or before the third Business Day after such date, each Class A Holder will be required to exchange its Class A Certificates for its pro rata share of the Bonds or sales proceeds thereof in accordance with Section 13.04 on the related Exchange Date. The Administrator will immediately notify the Sponsor upon the occurrence of a Liquidity Failure, and the Sponsor will advise the Administrator of the related Exchange Date. The Administrator will notify the Registered Holders, each applicable Rating Agency and the Remarketing Agent within one Business Day after the occurrence of a Liquidity Failure. Any distribution made in connection with such a Liquidity Failure is in no way intended to, and will not, negate or waive any rights of the Holders of Class A Certificates or the Administrator on their behalf, to take any action against, or to pursue any other remedy available to them under the Series Certificate Agreement, under any other document related to the Series Certificate Agreement, at law, in equity or otherwise against Freddie Mac, with respect to any failure by Freddie Mac to pay the Purchase Price for Class A Certificates when required to do so and such failure is not cured on or before the third Business Day after the related Mandatory Tender Date or Purchase Date.

(d) *Disposition of Tendered Class A Certificates and Class A Certificates Subject to Mandatory Tender*. (i) Concurrently with the payment of the Purchase Price for Available Remarketing Class A Certificates on any Purchase Date, Mandatory Tender Date or Optional Disposition Date, the Administrator will (A) to the extent that the Remarketing Agent deposited with the Administrator remarketing proceeds in the amount of such Purchase Price pursuant to Section 6.06(a)(i), deliver to the Remarketing Agent (for redelivery to the purchasers of such Class A Certificates) the Class A Certificates with respect to which the Remarketing Agent deposited with the Administrator the Purchase Price and (B) to the extent Freddie Mac deposited with the Administrator, or in the case of Class A Certificates subject to Mandatory Tender related to a Special Adjustment Event, the Pledge Custodian or the Sponsor deposited with the Administrator, the amount of any Purchase Price with respect to any such Class A Certificates, deliver to the Pledge Custodian, for the benefit of Freddie Mac, such Class A Certificates with respect to which Freddie Mac, the Pledge Custodian or the Sponsor, as applicable, deposited with the Administrator such Purchase Price. In the case of a delivery described by clause (A) above, the Administrator will deliver such Class A Certificates to the Remarketing Agent registered in such name and to such address as the Remarketing Agent directs in writing. In the case of a delivery described by clause (B) above, the Administrator will deliver such Class A Certificates to the Pledge Custodian registered in such name, and to such address, as Freddie Mac directs in writing, and the Administrator and the Certificate Registrar will note the pledge of such Class A Certificates to the Pledge Custodian on behalf of Freddie Mac on the books and records of the Administrator and the Certificate Registrar, and the Administrator will send confirmation of such delivery to Freddie Mac. Any Class A Certificates delivered to the Pledge Custodian as described in the preceding sentence will be Pledged Class A Certificates subject to Section 4.06. Following such registration, Freddie Mac will be entitled to receive payments on the Pledged Class A Certificates in accordance with its interest.

(ii) If any Class A Certificate that is subject to Mandatory Tender is not surrendered by the Holder of such Certificate on a Mandatory Tender Date (except for a Class A Certificate which the respective Holder has elected to retain as provided in Section 6.07), such Class A Certificate will be deemed surrendered for all purposes under the Series Certificate Agreement. After the Mandatory Tender Date, except to the extent of the portion, if any, of the Current Class A Certificate Balance of such Class A Certificates that is not subject to Mandatory Tender on such Mandatory Tender Date, the Class A Holder will have no further rights with respect to such Class A Certificates except the right to receive payment of the Purchase Price, without interest from or after the Mandatory Tender Date, and its portion of the Hypothetical Gain Share, if any, pursuant to Section 13.03 upon the presentation and surrender of such Class A Certificate at the Delivery Office of the Administrator.

(e) *Reductions of the Aggregate Outstanding Amounts.* The Aggregate Outstanding Class A Certificate Balance will be reduced by the aggregate Current Certificate Balance of such Class A Certificates subject to Mandatory Tender that are canceled.

(f) *No Investment.* Any amounts received pursuant to the Liquidity Facility or as remarketing proceeds will be held uninvested.

(g) *Substitution of Procedure Times.* Any times specified in Sections 6.03 and 6.06 may be modified pursuant to (i) a Series Certificate Agreement applicable to any Series of Certificates or (ii) written agreement executed by Freddie Mac, the Administrator and the Remarketing Agent, provided notice of any such agreement is provided to the Registered Holders of Certificates.

6.7 Right of Holder to Elect to Retain Class A Certificates Upon the Occurrence of Certain Mandatory Tender Events. (a) If the Class A Certificates are subject to Mandatory Tender in connection with (a) a Term Effective Date (that is not a Reset Rate Method Change Date), (b) a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Weekly Reset Rate Method or a Monthly Reset Rate Method to a Monthly Reset Rate Method or a Term Reset Rate Method, (c) a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Term Reset Rate Method or a Monthly Reset Rate Method to a Weekly Reset Rate Method or Monthly Reset Rate Method, (d) the date on which the Sponsor assigns its duties to a successor Sponsor pursuant to Section 3.08 or (e) the date on which an amendment to the Standard Terms described in Section 12.01(b) becomes effective, the Class A Certificates owned by each Holder that exercised its right to elect to retain such Class A Certificates in accordance with the requirements of subsection (b) below will not be subject to Mandatory Tender.

(b) In order to elect to retain such Holder must deliver (or cause its DTC Participant to deliver, as required) to the principal office of the Administrator, a Retention Notice by no later than 12:00 noon on the third Business Day prior to the Mandatory Tender Date. The Administrator will give a copy of each Retention Notice received by it to the Remarketing Agent and Freddie Mac, by Electronic Notice, promptly confirmed in writing by mailing a copy thereof, not later than the Business Day following the Business Day on which the Administrator receives such notice. Upon receipt by the Administrator of a Retention Notice, the related Class A Certificates will no longer be subject to the applicable Mandatory Tender.

6.8 Sole Sources of Payment of Purchase Price. The sole sources of payment of the Purchase Price of any Tendered Class A Certificates, Class A Certificates subject to Mandatory Tender, and Class A Certificates with respect to which the Holders thereof have exercised the Optional Disposition Right will be (a) proceeds from the remarketing of Available Remarketing Class A Certificates, to the extent available, (b) with respect to Class A Certificates subject to Mandatory Tender as a result of a Special Adjustment Event as described in Section 7.02 only, the Pledge Custodian or the Sponsor, and (c) amounts received under the Liquidity Facility, as further described in Section 6.06(a)(1) and (2).

Section 7.

TENDER OPTION TERMINATION EVENTS AND CERTAIN MANDATORY TENDER EVENTS; OPTIONAL DISPOSITION RIGHT

7.1 Tender Option Termination Events. (a) Without notice, on or prior to any Purchase Date, Mandatory Tender Date, or Optional Disposition Date, upon the occurrence of any of the following events (each a*"Tender Option Termination Event"*), the Tender Option will be terminated as provided below:

(i) there shall have occurred (A) a failure to pay when due any installment of principal of or premium, if any, or interest with respect to any Bonds (whether by scheduled maturity, regular repayment, acceleration, demand or otherwise), and (B) a failure by Freddie Mac to pay under the Credit Enhancement set forth in Section 4.11, which failure or failures continue for a period of three (3) Business Days;

(ii) upon the entry of any decree or judgment by a court of competent jurisdiction or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action is deemed final under applicable procedural law, and which has the effect of a determination that the interest on any of the Bonds is includable in the gross income of the recipients thereof for federal income tax purposes; or

(iii) if the rating of the long-term senior debt of Freddie Mac is reduced below "investment grade" (being "Baa3" in the case of Moody's and "BBB-" in the case of Fitch and S&P) by each such Rating Agency rating such debt.

When the Administrator has Knowledge of a Tender Option Termination Event it will promptly give the Remarketing Agent a Tender Option Termination Notice with respect thereto by Electronic Notice, promptly confirmed by mailing a copy thereof. The Tender Option Termination Notice will set forth (1) a description of the Tender Option Termination Event that has occurred and a description of the Affected Bonds, (2) the date when such Tender Option Termination Event occurred, (3) a schedule, prepared by Freddie Mac, of the Bonds, if any, that will remain after the complete or partial liquidation of the Series Pool and required distributions have been effected on the related Exchange Date, and (4) a schedule, prepared by Freddie Mac, of the amounts of Class A Certificates and Class B Certificates, and of the Liquidity Commitment, that will remain after the complete or partial liquidation of the Series Pool and after all required distributions have been effected on the related Exchange Date.

Not later than one Business Day following its delivery of a Tender Option Termination Notice to the Remarketing Agent, the Administrator will give the Registered Holders, the Sponsor and each applicable Rating Agency a copy of such Tender Option Termination Notice; provided, however, that the Administrator will have no duty or obligation to ascertain whether any Tender Option Termination Event described therein occurred; and provided further, that neither the failure to give notice of any Tender Option Termination Event to the Administrator, the failure of the Administrator to give such notice to any Registered Holder, nor the failure of any Holder to receive such notice, will delay or affect in any manner the termination of the right of Class A Holders to exercise the Tender Option with respect to any Affected Certificate.

When a Tender Option Termination Event occurs, the Series Pool Assets will be subject to complete or partial liquidation on the related Exchange Date in accordance with Section 13.04.

7.2 Special Adjustment Event. (a) Subject to Section 8.10 of the Reimbursement Agreement, Freddie Mac will have the right to cause a Mandatory Tender in part of the Class A Certificates (i) upon the Pledge Custodian's receipt of any principal paid with respect to any "Class B Certificates" of another designated Series with respect to such Certificates; provided that in such event, the aggregate Current Certificate Balance of Class A Certificates subject to Mandatory Tender will equal the amount of such principal received by the Pledge Custodian as of the tenth Business Day of the month (rounded down to the nearest $5,000 increment) which, at the direction of Freddie Mac, is to be remitted to the Administrator on or before the related Mandatory Tender Date or (ii) when any event permitting a Special Adjustment Event described in the provisions of the Reimbursement Agreement occurs, in which case the aggregate Current Certificate Balance of Class A Certificates subject to Mandatory Tender will equal the amount needed to satisfy such provisions of the Reimbursement Agreement. The Series Certificate Agreement will designate the other series pool from which payments of principal on "Class B Certificates" will generate a Special Adjustment Event.

(b) When any Special Adjustment Event occurs with respect to which Freddie Mac exercises its right to cause a Mandatory Tender, Freddie Mac will give a Special Adjustment Event Notice to the Administrator, each applicable Rating Agency, and the Remarketing Agent by Electronic Notice, promptly confirmed by mailing a copy thereof. The Special Adjustment Event Notice will set forth (i) a brief statement describing the Special Adjustment Event, (ii) the aggregate Current Certificate Balance of Class A Certificates to be Selected by Lot which will be subject to Mandatory Tender, and (iii) the Special Adjustment Date specified by Freddie Mac on which Class A Certificates so Selected by Lot will be subject to Mandatory Tender, which date may not be earlier than five (5) nor later than ten (10) Business Days after that the Administrator provides notice to the Holders as described in the following sentence. Not later than 5:00 p.m. on the second Business Day following the date on which a Special Adjustment Event Notice is received by the Administrator, the Administrator will give to Registered Holders Selected by Lot a Mandatory Tender Notice. Any Special Adjustment Event Notice executed by Freddie Mac under the Series Certificate Agreement will become irrevocable when the related Mandatory Tender Notice is given by the Administrator to the Registered Holders Selected by Lot. Pledged Class A Certificates existing at the time of such Mandatory Tender will not be subject to Mandatory Tender as a result of the Special Adjustment Event.

(c) If a Special Adjustment Event arises from the receipt of principal paid with respect to any Class B Certificate of another Series as provided above, no later than 3:00 p.m. on such Mandatory Tender Date, the Administrator will, with the monies provided by the Pledge Custodian to the Administrator, purchase an equal aggregate Current Certificate Balance of Class A Certificates tendered on the related Mandatory Tender Date for the account of each related holder of Tax-Exempt Class B Certificates of the other Series (an *"Exchanging Holder"*).

(d) If a Special Adjustment Event occurs due to certain events under the Reimbursement Agreement, the Sponsor will purchase from the applicable Holders of Class A Certificates, the Class A Certificates tendered on the related Mandatory Tender Date, with such purchase to occur no later than 3:00 p.m. on such Mandatory Tender Date.

(e) Class A Certificates that are purchased on a Mandatory Tender Date in connection with a Special Adjustment Event will be deemed Pledged Class A Certificates, will be delivered to the Pledge Custodian to be held pursuant to the Reimbursement Agreement and will not be subject to any subsequent remarketing.

(f) No Hypothetical Gain Share will be payable in connection with any Mandatory Tender arising as the result of a Special Adjustment Event.

7.3 Liquidity Provider Termination Event. When any Liquidity Provider Termination Event occurs with respect to which Freddie Mac (subject to Section 7.1 of the Reimbursement Agreement) exercises its right to cause a Mandatory Tender, Freddie Mac will give a Liquidity Provider Termination Notice to the Administrator, the Remarketing Agent, the Sponsor and each applicable Rating Agency by Electronic Notice, promptly confirmed by first class mail, which notice will set forth (i) a brief statement describing the Liquidity Provider Termination Event giving rise to such termination, and (ii) the Mandatory Tender Date specified by Freddie Mac on which the Class A Certificates will be subject to Mandatory Tender, which date will be no earlier than five (5), nor later than ten (10), Business Days after the Administrator provides notice to the Holders, as described in the following sentence. Not later than 5:00 p.m. on the second Business Day following the date on which a Liquidity Provider Termination Notice is received by the Administrator, the Administrator will give to the Registered Holders a Mandatory Tender Notice. Any Liquidity Provider Termination Notice executed by Freddie Mac under the Series Certificate Agreement will become irrevocable when the related Mandatory Tender Notice is given by the Administrator to the Registered Holders.

7.4 Sponsor Act of Bankruptcy. (a) If the Partnership Factors apply to the Series Pool, the Class A Certificates are subject to Mandatory Tender upon the occurrence of a Sponsor Act of Bankruptcy, in accordance with the following provisions. If the Series Certificate Agreement provides that the Partnership Factors will apply, then when a Sponsor Act of Bankruptcy occurs (i) Freddie Mac will promptly give a Notice of Sponsor Bankruptcy to the Administrator, the Remarketing Agent and each applicable Rating Agency, promptly confirmed by first class mail, which Notice of Sponsor Bankruptcy will set forth (A) a statement that the Administrator has received notice that a Sponsor Act of Bankruptcy has occurred, and (B) the Mandatory Tender Date on which the Class A Certificates will be subject to Mandatory Tender, which date will be the fifth Business Day after the Administrator provides notice to the Registered Holders as described in the following sentence. Not later than 5:00 p.m. on the second Business Day following the date on which the Administrator provides the Notice of Sponsor Bankruptcy, the Administrator will give to the Registered Holders a Mandatory Tender Notice, as required by Section 6.05 of the Standard Terms.

(b) If the Series Certificate Agreement does not provide that the Partnership Factors will apply, this Section 7.04 will not apply to the Series Pool.

7.5 Optional Disposition Date. (a) The Class A Certificates may be tendered at a price equal to the Optional Disposition Price on any Optional Disposition Date, in accordance with the following provisions. On any Optional Disposition Date, any Holder of Class A Certificates (other than Affected Certificates or Pledged Class A Certificates), which has held such Class A Certificates for at least one year, may tender any of its Class A Certificates for a price equal to the Optional Disposition Price. To tender its Class A Certificates, the Holder must submit a notice to the Administrator and its DTC Participant at least five (5) Business Days before the related Optional Disposition Date stating that such Holder is the Holder of a specified Current Certificate Balance of Class A Certificates, that it is exercising its right to tender such Class A Certificates in exchange for the Optional Disposition Price and its identity. Within one Business Day after it receives an optional disposition notice, the Administrator will notify the Remarketing Agent and Freddie Mac of its receipt. Unless otherwise directed by Freddie Mac, the Remarketing Agent will attempt to remarket all Class A Certificates tendered pursuant to the Optional Disposition Right, for settlement on the related Optional Disposition Date.

(b) On any Business Day not earlier than 10 Business Days before an Optional Disposition Date, any Holder of Class A Certificates may request a valuation of the Bonds from the Remarketing Agent. The Remarketing Agent will then determine such valuation for such Business Day in the manner specified in the definition of "Hypothetical Gain Share". Such valuation will be provided to any such Holder solely for informational purposes and will be non-binding on any Person.

(c) On the Optional Disposition Date, the Class A Certificates tendered pursuant to the Optional Disposition Right will be surrendered by the related Holders to the Administrator. Such Holders of Class A Certificates will be paid the Optional Disposition Price for such Class A Certificates consisting of the Purchase Price of such Certificates and the related Hypothetical Gain Share. The Purchase Price will be paid in accordance with Section 6.06 of the Standard Terms, and the Hypothetical Gain Share, as calculated by Freddie Mac, will be paid from (i) first, amounts provided to the Administrator by the Holders of Class B Certificates, at their election, after inquiry by the Administrator, and (ii) second, sales of Bonds selected by Freddie Mac, but only to the extent necessary to pay such Hypothetical Gain Share (subject to applicable Authorized Denomination provisions), and in no event in an aggregate principal amount exceeding the aggregate Current Certificate Balance of the Class A Certificates tendered pursuant to the Optional Disposition Right. To the extent any Bonds are sold to pay Hypothetical Gain Share as aforesaid, the aggregate Current Certificate Balance of such Class A Certificates so tendered will be adjusted downward by the Administrator's cancellation of such Class A Certificates in an amount equal to the aggregate principal amount of Bonds sold, such that the Aggregate Outstanding Certificate Balance does not exceed the Aggregate Outstanding Bond Balance, and only such reduced amount of Class A Certificates will be available for remarketing on the related Optional Disposition Date.

However, in no event may a Holder of Class A Certificates exercise its Optional Disposition Right unless the Hypothetical Gain Share is greater than zero. If the Hypothetical Gain Share is not greater than zero, the Optional Disposition Date for which the Optional Disposition Right has been exercised will be cancelled, and any Class A Certificates delivered to the Administrator pursuant to the preceding paragraph will be returned to the Holders thereof.

7.6 Clean-Up Event. (a) Each of Freddie Mac and the Sponsor has the right to cause a Mandatory Tender of the Class A Certificates at any time after the Aggregate Outstanding Bond Balance is not more than 5% of the Aggregate Outstanding Bond Balance on the Date of Original Issue (a "*Clean-Up Event*") in accordance with the following provisions.

(b) When a Clean-Up Event occurs with respect to which Freddie Mac or Sponsor exercises its right to cause a Mandatory Tender, such party will provide written notice of such exercise to the other party and to the Administrator. Promptly following receipt of such notice, the Administrator will give a Clean-Up Notice to the Remarketing Agent and each applicable Rating Agency by Electronic Notice, promptly confirmed by first class mail, which Clean-Up Notice will set forth (i) a brief statement describing the Clean-Up Event, and (ii) the Mandatory Tender Date specified by Freddie Mac or the Sponsor, as applicable, on which the Class A Certificates will be subject to Mandatory Tender, which date will be not earlier than five (5), nor later than ten (10), Business Days after the Administrator provides notice to the Holders as described in the following sentence. Not later than 5:00 p.m. on the second Business Day following its receipt of a Clean-Up Notice, the Administrator will give to the Registered Holders a Mandatory Tender Notice.

Section 8.
THE REMARKETING AGENT

8.1 Duties of the Remarketing Agent. The Remarketing Agent will undertake to perform the duties, and only those duties, as are specifically set forth in the Series Certificate Agreement and in the Remarketing Agreement.

8.2 Resignation or Removal of the Remarketing Agent. (a) Upon the giving of 30 days' written notice to the Sponsor, Freddie Mac and the Administrator, the Remarketing Agent may resign as Remarketing Agent and be discharged from its duties to be performed under the Series Certificate Agreement and the Remarketing Agreement. Upon receiving any such notice of resignation, Freddie Mac will promptly appoint in writing a successor Remarketing Agent.

(b) The Remarketing Agent may be removed, without cause, upon 10 days' written notice from the Administrator in accordance with the terms of the Remarketing Agreement. Upon any such removal of the Remarketing Agent, Freddie Mac will promptly appoint in writing a successor Remarketing Agent.

(c) Any removal or resignation of the Remarketing Agent, and any appointment of a successor Remarketing Agent pursuant to any of the provisions of this Section 8.02, will not become effective until the successor Remarketing Agent has accepted its appointment as provided in Section 8.03.

8.3 Successor Remarketing Agent. (a) Any successor Remarketing Agent appointed as provided in Section 8.02 will execute, acknowledge and deliver to the Administrator, and to its predecessor Remarketing Agent, an instrument accepting such appointment under the Series Certificate Agreement and the Remarketing Agreement, and when accepted, such successor Remarketing Agent, without any further act, will become fully vested as Remarketing Agent as if originally named. The predecessor Remarketing Agent will deliver to the successor Remarketing Agent all documents held by it under the Series Certificate Agreement, and the Administrator and the predecessor Remarketing Agent will execute and deliver such instruments, and do such other things, as may reasonably be required to confirm the new appointment.

(b) Upon the Administrator's receipt of an acceptance notice pursuant to Section 8.03(a), the Administrator will provide notice of the appointment of the successor Remarketing Agent to the Registered Holders and the Sponsor not later than two Business Days later.

8.4 Merger or Consolidation of the Remarketing Agent. If the Remarketing Agent merges or consolidates with another Person, the resulting entity will be the successor to the Remarketing Agent, without the need to execute or file any paper, or take any further action. The Remarketing Agent will provide notice of any such merger or consolidation to Freddie Mac and the Administrator.

8.5 Notices by Remarketing Agent. The Remarketing Agent will agree to provide to beneficial owners of Class A Certificates copies of all notices that are to be provided to Holder of Class A Certificates upon its receipt of a written request from such beneficial owner(s) setting forth the address that such notices are to be sent, together with evidence of its beneficial ownership in a form reasonably satisfactory to the Remarketing Agent.

Section 9.

EVENTS OF DEFAULT AND RIGHTS AND REMEDIES OF HOLDERS

9.1 Event of Default. "Event of Default", wherever used in the Series Certificate Agreement, means any one of the following events:

(a) The Administrator defaults in the payment to Holders of the applicable Certificate Payment Amount, or Freddie Mac defaults in the payment of any amount pursuant to the Credit Enhancement or the Liquidity Facility, when the same is due and payable as provided in the Series Certificate Agreement, and such default continues for a period of three Business Days; or

(b) Freddie Mac or the Administrator fails to observe or perform any other of its covenants set forth in the Series Certificate Agreement, and such failure continues for a period of 60 days after the date on which written notice of such failure, requiring Freddie Mac or the Administrator to remedy the same, has been given to Freddie Mac or the Administrator, as appropriate, by the Holders representing not less than 60% of the Current Class A Certificate Balance or the Current Class B Certificate Balance, as applicable.

9.2 Remedies. (a) If an Event of Default occurs and continues, then the Holders representing a majority of the then Current Certificate Balance of any affected Class of Certificates may, by written notice to Freddie Mac, remove the Administrator and nominate a successor Administrator under the Series Certificate Agreement, which nominee will be deemed appointed as successor Administrator unless within 10 days after such nomination Freddie Mac objects, in which case Freddie Mac may petition any court of competent jurisdiction for the appointment of a successor Administrator, or any Holder, which has been a bona fide Holder of any affected Class for at least six months may, on behalf of such Holder and all others similarly situated, petition any such court for appointment of a successor Administrator. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Administrator.

(b) Upon the appointment of any successor Administrator pursuant to this Section 9.02, the retiring Administrator will submit to its successor a complete written report and accounting as to the Certificates and will take all other steps necessary or desirable to transfer its interest in, and the administration of, the Series Certificate Agreement to the successor. Subject to the Freddie Mac Act, such successor may take such actions with respect to the Series Certificate Agreement as may be reasonable and appropriate in the circumstances. Prior to any such designation of a successor Administrator, the Holders representing a majority of the Current Certificate Balance of Certificates of any affected Class then Outstanding may waive any past default or Event of Default. The appointment of a successor Administrator will not relieve Freddie Mac of its Credit Enhancement obligation as set forth in Section 4.11 or its Liquidity Facility obligations set forth in Section 6.01.

9.3 Waiver of Past Defaults. Except to the extent otherwise provided, the Holders of Certificates representing a majority of the then Current Certificate Balance may waive any past default, Event of Default or breach of a covenant under the Series Certificate Agreement and its consequences. In the case of any such waiver, Freddie Mac, the Administrator and the Holders of the Certificates will be restored to their former positions and rights, respectively, but no such waiver will extend to any subsequent or other default, Event of Default or breach of a covenant under the Series Certificate Agreement or impair any right related to a subsequent or unwaived breach. When any default, Event of Default or breach of a covenant is waived, such default, Event of Default or breach will cease to exist and will be deemed cured and not to have occurred for every purpose of the Series Certificate Agreement.

Section 10.

THE ADMINISTRATOR; HOLDERS' LISTS AND REPORTS; BONDHOLDER REPRESENTATIVE

10.1 Certain Duties and Responsibilities. (a) (i) The Administrator agrees to perform only such duties as are specifically set forth in the Series Certificate Agreement, and no implied covenants or obligations will be read into the Series Certificate Agreement against the Administrator. If Freddie Mac is Administrator, it will hold or administer, or supervise the administration of, the Series Pool in a manner consistent with and to the extent required by prudence and in substantially the same manner as it holds and administers assets of the same or similar type for its own account.

(ii) The Administrator is not authorized to, and agrees that it will not, engage in activities with respect to the Series Pool that are not required by the Series Certificate Agreement.

(iii) In the absence of gross negligence or willful misconduct on its part, the Administrator may conclusively rely upon certificates or opinions furnished to the Administrator and conforming to the requirements of the Series Certificate Agreement; *provided, that*, as to the truth of the statements and the correctness of the opinions expressed therein in the case of any such certificates or opinions which by any provision of the Series Certificate Agreement are specifically required to be furnished to the Administrator, the Administrator will be under a duty to examine those opinions or certificates to determine whether or not they conform to the requirements of the Series Certificate Agreement.

(b) No provision of the Series Certificate Agreement will be construed to relieve the Administrator from liability for its own grossly negligent action or its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) the Administrator will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Administrator was grossly negligent in ascertaining the pertinent facts; and

(ii) the Administrator will not be liable with respect to any action taken or omitted by it upon the direction of the required percentage of the Holders affected (such percentage will not include those Certificates, if any, that are to be disregarded in accordance with the definition of the term "Outstanding") relating to the time, method and place of conducting any Proceeding for any remedy available to the Administrator, or relating to the exercise of any power conferred upon the Administrator under the Series Certificate Agreement with respect to the Certificates.

(c) No provision of the Series Certificate Agreement will require the Administrator to expend or risk its own funds, or otherwise to incur any financial liability in the performance of any of its duties under the Series Certificate Agreement, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it. However, the Administrator agrees to perform and continue performing fully its duties under any other provision of the Series Certificate Agreement even following any Person's failure to perform any repayment or indemnity obligation owed to the Administrator by such Person as described in this Section 10.01(c); but such performance will not be deemed a waiver of the Administrator's right to repayment or indemnity.

(d) The permissive right of the Administrator to take actions enumerated in the Series Certificate Agreement will not be construed as a duty, and the Administrator will not be answerable for other than its own gross negligence or willful misconduct.

(e) In no event will the Administrator be liable for acts or omissions of its agents, designees, subcustodians or correspondents, other than its failure to appoint them without gross negligence or willful misconduct.

(f) In no event will the Administrator be liable for special, consequential or punitive damages.

10.2 Notice of Non-Monetary Default. The Administrator will transmit notice of the occurrence of any Non-Monetary Default known to the Administrator, (a) by Electronic Notice to Freddie Mac, the Sponsor, the Remarketing Agent and each applicable Rating Agency promptly upon the Administrator's Knowledge of such Non-Monetary Default and, in any event, within one Business Day after such Non-Monetary Default has become known to the Administrator, and (b) by first class mail to all Holders of Certificates, as their names and addresses appear in the Certificate Register, within five Business Days after the Administrator's Knowledge of such Non-Monetary Default.

10.3 Certain Rights of the Administrator. Except as otherwise provided in Section 10.01:

(a) the Administrator may rely, and will be protected in acting or refraining from acting, (i) upon any document or facsimile transmission believed by it to be genuine and to have been signed or presented by the proper party or parties, or (ii) following consultation, upon any advice of counsel;

(b) the Administrator will be under no obligation to exercise any of the rights or powers vested in it by the Series Certificate Agreement (other than with respect to the Administrator's obligation to make demands on the Liquidity Facility or the Credit Enhancement at the request or direction of any of the Holders of Class A Certificates pursuant to the Series Certificate Agreement), unless such Holders of Class A Certificates have offered to the Administrator reasonable security or reasonable indemnity against the costs, expenses and liabilities which might be incurred by it in comply with such request or direction;

(c) the Administrator will not be liable for any action that it takes or omits to take in good faith and, in the absence of gross negligence or willful misconduct, that it believes to be authorized or within its rights or powers.

(d) Freddie Mac, as Administrator, will have the right to engage subcontractors for the performance of any of its duties as Administrator under the Series Certificate Agreement.

10.4 Parties that May Hold Certificates. The Administrator, any Paying Agent, Certificate Registrar or any other agent of Freddie Mac, in its individual or any other capacity, may become the owner or pledgee of Class A Certificates with the same rights as it would have if it were not the Administrator, Paying Agent, Certificate Registrar or such other agent.

10.5 Information Regarding Holders. For purposes of taking or recognizing any direction from the Holders of a given percentage of the Current Certificate Balance of any Class, the Administrator may conclusively rely (i) in the case of the Class A Certificates, on written information received from DTC or its nominee while the Class A Certificates are held in book-entry only form through the facilities of DTC, and (ii) in the case of Class B Certificates, on a written certification received from the Sponsor.

10.6 Corporate Administrator Required; Eligibility. The Administrator, if other than Freddie Mac, must have the following qualifications. It (i) will be either (1) a bank or trust company organized, in good standing and doing business under the laws of the State of New York or (2) a national banking association organized, in good standing and doing business under the laws of the United States of America with its principal place of business located in the State of New York, in either case, reasonably acceptable to Freddie Mac, (ii) will be authorized under such laws to exercise corporate trust powers, (iii) will have a combined capital and surplus of at least $50,000,000, (iv) will be subject to supervision or examination by Federal or State banking authority, (v) will be a member of the Federal Reserve System and (vi) will not be or be affiliated (within the meaning of Rule 405 under the Securities Act) with any of Freddie Mac, the Remarketing Agent, any Class B Holder, or with an Affiliate of any of the foregoing. If such Administrator publishes reports of conditions at least annually, pursuant to law or the requirements of such supervising or examining authority, then for the purposes of this paragraph, the combined capital and surplus of such Administrator will be deemed to be its combined capital and surplus as set forth in its most recently published report of condition. If at any time the Administrator ceases to be eligible in accordance with the provisions of this Section 10.06, it will resign immediately in the manner and with the effect specified in Article X.

10.7 Resignation. (a) Freddie Mac may resign from the duties imposed upon Freddie Mac in its capacity as Administrator by the terms of the Series Certificate Agreement at any time provided that at the time of its resignation a successor administrator meeting the qualifications set forth in Section 10.06 is appointed by Freddie Mac and has accepted such appointment. If Freddie Mac resigns in accordance with these terms, it promptly will furnish written notice to all Holders. Subsequent to such resignation, Freddie Mac will continue to be obligated pursuant to the Credit Enhancement and the Liquidity Facility.

(b) If the Administrator is no longer Freddie Mac, the following provisions will apply:

(i) No resignation or removal of the Administrator, and no appointment of a successor Administrator pursuant to this Article X, will become effective until the successor Administrator has accepted its appointment under this Section 10.07(b).

(ii) The Administrator, or any Administrator or Administrators appointed as successors, may resign at any time by giving written notice of resignation to Freddie Mac, the Sponsor, the Remarketing Agent and each applicable Rating Agency, and by mailing notice of resignation to Registered Holders of the Certificates at their addresses appearing on the Certificate Register. Upon receiving notice of resignation, Freddie Mac will promptly appoint a successor Administrator or Administrators by delivering a Depositor Order to both the resigning Administrator and the successor administrator. If no successor administrator has been appointed and has accepted its appointment within 30 days after the giving of such resignation notice, the resigning Administrator may petition any court of competent jurisdiction for the appointment of a successor Administrator, or any Holder of a Certificate may, subject to Section 10.07(b)(vii), petition any such court for the appointment of a successor Administrator. Such court may, after receiving such notice, if any, as it may deem proper, appoint a successor administrator.

(iii) If at any time:

(A) the Administrator ceases to be eligible under Section 10.06 and fails to resign after written request by Freddie Mac; or

(B) (1) the Administrator becomes incapable of acting or (2) there is entered a decree or order for relief by a court having jurisdiction in an involuntary case against the Administrator under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, or other similar law, or appointing a receiver, or similar official of the Administrator, for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 15 consecutive days, or (3) the Administrator commences a voluntary case under the Bankruptcy Code, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or consents to the appointment of a receiver or other similar official of the Administrator, of any substantial part of its property, or the making by it of any assignment for the benefit of its creditors, or the Administrator fails generally to pay its debts as such debts become due or takes any corporate action in furtherance of any of the above,

then, in any such case, Freddie Mac, will remove the Administrator.

(iv) At any time Freddie Mac may, upon five days' written notice to the Administrator, and with or without cause, remove the Administrator and appoint a successor Administrator.

(v) If the Administrator is removed or if a vacancy occurs in the office of the Administrator for any cause, Freddie Mac will promptly appoint in writing a successor Administrator. If no successor administrator is so appointed and accepts its appointment as provided below within 30 days any Holder may petition any court of competent jurisdiction to appoint a successor administrator. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor administrator.

(vi) Freddie Mac will give notice of each removal of the Administrator, and each appointment of, and the acceptance of its duties by, a successor administrator by mailing notice of such event to the Registered Holders, and by Electronic Notice to the Remarketing Agent, the Sponsor and each applicable Rating Agency.

(vii) Every successor Administrator appointed under the Series Certificate Agreement will, within 10 days or its appointment, execute, acknowledge and deliver to Freddie Mac, the Sponsor and its predecessor Administrator an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Administrator will become effective, and such successor administrator, without any further act, deed, or conveyance, will become vested with all the rights, powers, duties and obligations of its predecessor under the Series Certificate Agreement. All relevant legal documents and records held by the predecessor Administrator in such circumstance will be transferred to the successor Administrator.

(viii) No successor Administrator will accept its appointment unless, at the time of such acceptance, such successor administration is qualified and eligible under Section 10.06 and satisfies the requirements for a "trustee" under Section 26(a)(1) of the Investment Company Act.

10.8 Preservation of Information; Communications to Holder. (a) Holders may communicate with other Holders with respect to their rights under the Series Certificate Agreement. If any Holder writes to the Administrator and states that it desires to communicate with other Holders with respect to its rights under the Series Certificate Agreement, and encloses with such writing a copy of the form of proxy or other communication which it proposes to transmit to the other Holders, the Administrator will, within five Business Days after the receipt of such writing, at its election either:

(i) afford such Holder access to the information regarding the names and addresses of all other Holders provided by the Remarketing Agent pursuant to Section 14.03, or

(ii) inform the requesting Holder(s) of the approximate number of Holders whose names and addresses appear in the information provided by the Remarketing Agent pursuant to Section 14.03, and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such written request.

If the Administrator does not allow the requesting Holder(s) access to the information described in subsection (i) above, the Administrator will, upon the written request of such Holder(s), mail to each current Holder a copy of the form of proxy or other communication that is specified in such request, with reasonable promptness, upon the Administrator's receipt of the material to be mailed and payment of the reasonable mailing expenses. The Holder(s) requesting such mailing will be solely responsible for complying with any state and Federal securities laws and regulations regarding any communication pursuant to this Section, and the Administrator will have no responsibility in that regard. At the request of Freddie Mac, a requesting Holder may be required to provide an Opinion of Counsel that all securities laws have been complied with in connection with any such mailing.

(b) Every Holder, by receiving and holding any such information as to the names and addresses of the Holders in accordance with Section 10.08(a), or by directing the Administrator to mail certain information pursuant to Section 10.08(b), agrees with Freddie Mac and the Administrator to hold such information confidential, and agrees that none of Freddie Mac, the Remarketing Agent or the Administrator will be held accountable by reason of the disclosure of such information regardless of the source from which such information was derived.

10.9 Bondholder Representative. Freddie Mac in its role as provider of the Credit Enhancement and the Liquidity Facility will be appointed as the Bondholder Representative for all Bonds. If any action, consent or direction relating to a change in the terms of the Bonds or the related Bond Documents is required from the owners of the Bonds as provided in the related Bond Documents, the Administrator will solicit from the Bondholder Representative (or the Bondholder Representative's appointee) its proxy for such vote, consent or direction in favor of and returnable to the Administrator, which will vote, consent or otherwise take direction solely in accordance with the written direction of the Bondholder Representative (or its appointee); provided upon the occurrence and during the continuance of any failure by Freddie Mac to pay under its Credit Enhancement or Liquidity Facility in accordance with the terms hereof, the Administrator will solicit from each Holder of the Certificates instead of the Bondholder Representative its proxy for any such vote, consent or direction in favor of and returnable to the Administrator, which will vote, consent or otherwise take direction solely in accordance with such proxies, weighted by the Current Certificate Balance of each Holder providing the same. The Administrator shall have not liability for any failure to act resulting from the late return of, or failure to return, any such proxy sent by the Administrator to a Holder.

Section 11.
PROFITS AND LOSSES

11.1 Tax Information. The Administrator, upon request, will furnish Freddie Mac and the Holders of Certificates with all such information known to the Administrator as may be reasonably required by Freddie Mac and the Holders of Certificates in connection with the preparation of tax returns and other information relating to the Series Certificate Agreement.

11.2 Capital Accounts. (a) There will be established for each Holder a capital account (the *"Capital Account"*) on the books for the Series Pool to be maintained and adjusted pursuant to the Series Agreement, which will control (pursuant to the provisions of Article XIII) the division of Series Pool Assets upon the termination of the Series Pool and liquidation and/or distribution of the Series Pool Assets or the redemption of any Certificate. Such Capital Account will be increased by (i) the amount of all Capital Contributions made or deemed made by such Holder to the Series Pool pursuant to the Series Certificate Agreement, and (ii) the allocable share of Profits, Market Discount Gains and Capital Gains of such Holder and all items in the nature of income or gain specially allocated to such Holder pursuant to Sections 11.03 and 11.05; and will be decreased by (i) the amount of any cash and the Fair Market Value of any non-cash assets distributed to such Holder by the Series Pool pursuant to the Series Certificate Agreement, and (ii) the allocable share of Losses and Capital Losses of such Holder and all items in the nature of Series Pool expenses or losses which are specially allocated to such Holder pursuant to Sections 11.04 and 11.05. Freddie Mac will be responsible for the establishment and maintenance of the Capital Accounts in accordance with this Section 11.02 and, to facilitate such establishment and maintenance, will monitor the Current Certificate Balances of Holders of Class A Certificates and Class B Certificates.

(b) Immediately before a distribution to any Holder in redemption of all or any portion of its Certificates (including the liquidation of the Series Pool as a result of a Series Termination Event), the Capital Account of such Holder will be increased or decreased, as the case may be with its allocable portion of any Profit, Losses, Market Discount Gain, Capital Gain or Capital Loss, or other items of income, gain, loss or deduction that would result if the Series Pool Assets were sold at such time at their Fair Market Values. In the case of any distribution of Bonds to any Holder, the Capital Account of such Holder will be adjusted in the manner described in the preceding sentence.

(c) A transferee of an interest in the Series Pool will succeed to the Capital Account of the transferor to the extent it relates to the interest transferred.

(d) The foregoing provisions and the other provisions of the Series Certificate Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Regulations, and will be interpreted and applied in a manner consistent therewith. In the event that Freddie Mac determines that it is necessary to modify the manner in which the Capital Accounts, or any debits or credits thereto are computed in order to comply with such Regulations, Freddie Mac will make such modification, provided that such modification is not likely to have a material effect on the amounts distributable to any Holders pursuant to Articles IV, VII or XIII upon the withdrawal of the Holders or the dissolution of the Series Pool.

11.3 Allocations of Profits, Market Discount Gains and Capital Gains. (a) Profits for each Fiscal Year or other relevant period will be allocated (i) first, to the Holders of Class A Certificates in proportion to their Current Class A Certificate Balances until each Holder of a Class A Certificate has been allocated, on a cumulative basis, an amount equal to the cumulative amount of its Required Class A Certificate Interest Distribution Amount for such period; (ii) second, to the Holders of Class B Certificates, in proportion to their Current Class B Certificate Balances, the Class A Certificate Notional Accelerated Principal Paydown Amount, and (iii) third, the remainder to the Holders of the Class B Certificates in proportion to their Current Class B Certificate Balances. The Capital Accounts relating to the Class B Certificates will be adjusted for any bond premium required to be amortized pursuant to Section 171 of the Code and any other capitalized items subject to amortization.

(b) Market Discount Gains realized under applicable federal income tax provisions from a Disposition of any Bond will be allocated solely to the Holders of Class B Certificates in proportion to their current Class B Certificate Balances.

(c) Capital Gains recognized other than in connection with an Exchange Date will be allocated in accordance with the Gain Share.

(d) With respect to an Exchange Date, Capital Gains will be allocated: (i) to the extent that any Losses or Capital Losses have been allocated to the Holders of Class B Certificates pursuant to Section 11.04(a), first, to the Holders of Class B Certificates, pro rata, until the sum of all amounts of Losses or Capital Losses allocated to them under Section 11.04(a) for the current and all preceding periods equals the sum of all Capital Gains allocated to them pursuant to this subsection or Section 11.03(c) for the current and all preceding periods, and (ii) thereafter according to the Gain Share.

(e) In the event of a partial redemption of the Bonds, the Gain Share is only determined with respect to Holders that are redeemed as a result thereof.

11.4 Allocations of Losses and Capital Losses. (a) Other than in connection with the occurrence of an Exchange Date, Losses and Capital Losses that result from a liquidation of the related Bonds as a result of a mandatory purchase, failure to remarket tendered Class A Certificates or redemption of any related Bonds will be allocated to the Holders of the Class B Certificates, pro rata, to the extent of their Capital Account Balances.

(b) (1) In connection with the occurrence of a Tender Option Termination Event and immediately prior to the distribution of the Bonds, Affected Bonds or sales proceeds, as applicable, to the Holders, both Losses and Capital Losses will be allocated: (i) first, to the Holders of the Affected Class A Certificates and Affected Class B Certificates on a pro rata basis in proportion to the Aggregate Outstanding Certificate Balances until their Capital Account Balances have been reduced to zero; and (ii) thereafter, to the Sponsor.

(2) In connection with the occurrence of an Exchange Date described in Section 6.06(c)(iii), and immediately prior to the distribution of Bonds or sales proceeds, as applicable, to the Holders, both Losses and Capital Losses will be allocated (i) first, to the Holders of Class B Certificates and Class A Certificates on a pro rata basis in proportion to the Aggregate Outstanding Certificate Balances until their Capital Account Balances have been reduced to zero; and (ii) thereafter, to the Sponsor.

(c) Notwithstanding anything to the contrary contained in this Article XI, any "partner nonrecourse deductions" within the meaning of Section 1.704-2(i)(2) of the Regulations will be allocated to the partner bearing the economic risk of loss for the related debt, in the manner required by Section 1.704-2(i)(1) of the Regulations.

(d) Any Loss (or item thereof) not otherwise allocated pursuant to this Article XI will be allocated to the Sponsor.

11.5 Special Allocations. (a) Notwithstanding anything to the contrary contained in this Article XI, no allocation of a loss or deduction will be made to a Holder to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to such Holder. In the event that any Holder unexpectedly receives adjustments, allocations or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, items of income and gain will be specially allocated to each such Holder in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible. In no event, however, will any item or items of Series Pool income that represent Market Discount be allocated to any Holder of a Class A Certificate. This Section 11.05(a) is intended to constitute a "qualified income offset" within the meaning of Section 1.704-1(b)(2)(ii)(d)(3) of the Regulations and will be interpreted consistently therewith.

(b) (i) Notwithstanding anything to the contrary contained in this Article XI, if there is a net decrease in "partnership minimum gain" within the meaning of Section 1.704-2(d)(1) of the Regulations during any Fiscal Year, each Holder who has a share of the partnership minimum gain will be specially allocated items of Series Pool income and gain in an amount equal to such Holder's share of the net decrease in partnership minimum gain, subject to any modifications deemed appropriate by Freddie Mac to comply with the minimum gain chargeback requirement of Section 1.704-2(f) of the Regulations. This subsection is intended to comply with the *"partnership minimum gain chargeback"* requirement of Section 1.704-2(f) of the Regulations and will be interpreted consistently therewith.

(ii) Notwithstanding anything to the contrary contained in this Article XI, except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, if there is a net decrease in "partner nonrecourse debt minimum gain" within the meaning of Section 1.704-2(i)(3) of the Regulations, attributable to "partner nonrecourse debt" within the meaning of Section 1.704-2(b)(4) of the Regulations during any Fiscal Year, each Holder who has a share of the partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, will be specially allocated items of Series Pool income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Holder's share of the net decrease in partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Section 1.704-2(i)(4) of the Regulations. Allocations pursuant to the previous sentence will be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated will be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This subsection is intended to comply with the *"partner minimum gain chargeback"* requirement of Section 1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

(c) To the extent an adjustment to the adjusted tax basis of any Series Pool Assets pursuant to Section 734(b) of the Code or Section 743(b) of the Code is required, pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations, to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts of each of the Holders will be treated as an item of gain (if the adjustment increases the basis of the Series Pool Asset) or loss (if the adjustment decreases such basis) in respect of the relevant Series Pool Assets and such gain or loss will be specially allocated to the Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(d) The allocations set forth in Sections 11.05(a), (b) and (c) (collectively, the*"Regulatory Allocations"*) are intended to comply with certain requirements of Section 1.704-1(b) of the Regulations. By its purchase of a Class A Certificate or Class B Certificates, each Holder acknowledges that the Regulatory Allocations may not be consistent with the manner in which the Holders intend to divide Series Pool distributions. Accordingly, the Holders agree that the Regulatory Allocations will be offset with subsequent allocations of income, gain, loss, or deduction pursuant to this Section 11.05(d) (collectively, the "*Offsetting Allocations*"), so that the net amount of any Regulatory Allocations and Offsetting Allocations pursuant to this Article XI will, to the greatest extent possible, be equal to the net amount that would have been allocated to each Holder pursuant to the provisions of this Article XI if the Regulatory Allocations had not occurred.

(e) If the Partnership Factors apply, notwithstanding any other provision of the Series Certificate Agreement, during each Fiscal Year the Sponsor will be allocated a percentage of Profits, Capital Gains, Market Discount Gain, Losses and Capital Losses, and of each other item of income, gain, loss, deduction or credit not less than the Minimum Sponsor Percentage.

(f) If the Sponsor has a deficit balance in its Capital Account following a Series Termination Event and the liquidation of its Certificate (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all Fiscal Years, including the Fiscal Year during which such liquidation occurs), the Sponsor will be treated, as obligated to restore the amount of such deficit balance to the Series Pool by the end of such Fiscal Year or, if later, within 90 days after the date of such liquidation, but only to the extent of the Sponsor's legal obligations, if any, to Freddie Mac and other creditors of the Series Pool.

11.6 Tax Allocations; Code Section 704(c). (a) For federal income tax purposes, except as provided in this Section 11.06, each item of income, gain, loss, deduction and credit of the Series Pool will be allocated consistent with the allocations described in Sections 11.03 through 11.05.

(b) If there is a difference between the adjusted tax basis of any Series Pool Asset and its fair market value when such asset was contributed to the Series Pool, allocations of gain or loss and amortization of bond premium with respect to such asset, as computed for tax purposes, will be made among the Holders in a manner which takes such difference into account in accordance with Section 704(c) of the Code and Section 1.704-1(b)(4)(i) of the Regulations.

(c) All liabilities of the Series Pool (both recourse and nonrecourse) (including any reimbursement obligations under the Reimbursement Agreement) will be allocated to the Sponsor. Excess nonrecourse liabilities, if any, will be allocated to the Sponsor.

(d) Any elections or other decisions relating to such allocations will be made by Freddie Mac in any manner that reasonably reflects the purpose and intention of the Series Certificate Agreement. Allocations pursuant to this Section are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing, any Holder's Capital Account or share of Profits, Capital Gains, Losses, Capital Losses, other items or distributions pursuant to any provision of the Series Certificate Agreement.

11.7 Allocation Among Holders. Except as otherwise provided, all amounts allocated to transferring Holders will be allocated among them in accordance with the interests held by each such Holder from time to time. Subject to applicable Regulations, all items of income, gain, expense or loss that are allocated pursuant to this Article XI for a Fiscal Year allocable to any Certificates will be allocated between the transferor and the transferee based on an interim closing of the Series Pool's books.

11.8 Tax Matters; Tax Election It is the intention of the parties that the Series Pool will be classified as a partnership for all federal, state and local tax purposes. Each Holder and transferee of Certificates acknowledges that it will treat the Series Pool as a partnership for federal, State and local income tax purposes and that it intends and expects to be treated as a partner for such purposes. No Person is authorized to elect under Section 301.7701-3(c) of the Regulations or any applicable State or local law to have the Series Pool classified as a corporation for federal or any applicable State or local income tax purposes. Freddie Mac will have the discretion to make, or if necessary, to instruct the Administrator to take the necessary steps to make, a Monthly Closing Election on behalf of the Series Pool, in which case the Sponsor and each Holder of Certificates (by their purchase of Certificates) will be deemed to have consented to the Monthly Closing Election. The Series Pool, the Sponsor and each Holder of Certificates (by their purchase of Certificates) agrees to comply with any special tax reporting requirements applicable to the Monthly Closing Election. Additionally, Freddie Mac may at its discretion and to the extent permitted by applicable law, file a Section 761 Election to exclude the Series Pool from the application of all of the provisions of Subchapter K of Chapter 1 of the Code. Each Holder, by virtue of acquiring a Certificate in a Series of Certificates, consents, pursuant to Section 761 of the Code, to the Section 761 Election. The Sponsor will be liable for any penalties and interest on penalties imposed on the Series Pool relating to the Section 761 Election. The parties hereto agree that Freddie Mac will not act as or be deemed to be a partner for federal, state or local tax purposes by virtue of its execution and delivery of the Liquidity Facility. Freddie Mac agrees to timely file the necessary or appropriate elections and all tax returns and tax reports consistent with and based upon this Section 11.08 and neither Freddie Mac nor any Holder will take any position on any tax return or report or in any proceeding or audit which is inconsistent with this Section 11.08.

11.9 Accounting Method. The Series Pool will compute its income on the accrual method of accounting.

11.10 Tax Matters Partner. (a) If Freddie Mac is one of the Holders of Class B Certificates or if permitted by applicable law, Freddie Mac will file any required federal, state or local tax returns for the Series Pool, and will act as the "Tax Matters Partner" for the Series Pool in the manner specified in the Regulations. In any other case, the Holder of the Class B Certificates having the largest Current Class B Certificate Balance is designated as the partner responsible for filing such tax returns and as Tax Matters Partner for the Series Pool. Such Holder, however, by its acceptance of its Class B Certificate, agrees to designate Freddie Mac as its agent and attorney-in-fact in the performance of all the duties required of, or permitted to be taken by, the partner responsible for filing such tax returns and the Tax Matters Partner for the Series Pool and, if requested by Freddie Mac, to execute a power of attorney to this effect. Freddie Mac agrees to prepare such tax returns and, if permitted by applicable law, to sign and file such tax returns on behalf of the Series Pool. To the extent required by law, Freddie Mac will provided Holders with copies of any such tax returns. Freddie Mac will represent the Series Pool to the extent permitted by law in connection with any inquiry, examination or audit of the Series Pool affairs by tax authorities.

(b) Each Registered Holder and Holder by acceptance of its Certificate agrees (i) to hold the Tax Matters Partner and Freddie Mac (and any officer, director, agent, employee, member, stockholder, or Affiliate of Freddie Mac) harmless from, and (ii) in connection with any action taken at the request of such Registered Holder or Holder, to indemnify the Tax Matters Partner and Freddie Mac (and any officer, director, agent, employee, member, stockholder, or Affiliate of Freddie Mac) against, any actual out-of-pocket loss, liability, expense, damages or injury suffered, sustained or incurred to the extent that they are a direct result of any acts, omissions, or alleged acts or omissions arising out of the activities or actions of the Tax Matters Partner and Freddie Mac in connection with the performance of its duties as Tax Matters Partner or as agent or attorney-in-fact for the Tax Matters Partner, including but not limited to any penalties or interest thereon assessed under the Code or other applicable tax laws, judgments, fines, amounts paid in settlement, reasonable attorneys' fees and expenses and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, unless such acts, omissions or alleged acts or omissions constitute fraud, gross negligence, or willful misconduct by Freddie Mac and the Tax Matters Partner, respectively.

11.11 Compliance with Code Requirements. The Administrator will comply with all requirements of the Code and other applicable tax laws with respect to the withholding from any payments made by it on any Certificates of any applicable back-up withholding taxes or other withholding taxes imposed thereon and with respect to any applicable information reporting requirements (e.g., Form 1099-B) in connection therewith; provided however, that with respect to any applicable withholding and reporting requirements relating to original issue discount or market discount, Freddie Mac will provide the Administrator with any calculations pertaining thereto.

Section 12.
AMENDMENTS

12.1 Amendments. (a) Except as provided in Section 12.01(b), without the consent of the Holders of any Class A Certificates, the Standard Terms and the Series Certificate Agreement may be amended if the conditions provided in Section 12.01(c) have been satisfied. When Freddie Mac gives the Administrator a Depositor Order, the Administrator will enter into any amendment permitted by the Series Certificate Agreement if the Administrator determines the amendment is in acceptable form.

(b) The Standard Terms may be amended in order to amend any of the provisions relating to (i) distributions and payments from the Distribution Account and Bond Payment Subaccounts, (ii) the determination of the Reset Rate and changes in the Reset Rate, (iii) the Tender Option or Tender Option Termination Events or (iv) this Section 12.01(b), if the conditions provided in Section 12.01(c) have been satisfied, *provided, that* (x) such amendments will be subject to the consent of the Holders of Class A Certificates, which consent will be evidenced by executing a Retention Notice, and (y) Holders of Class A Certificates that do not consent to such amendments by executing a Retention Notice will have their Certificates subject to Mandatory Tender.

The Administrator is authorized and agrees to join in the execution of any such amendment and to make any further appropriate agreements and stipulations that may be contained in such amendment when Freddie Mac requests such execution if the conditions to such amendment have been satisfied.

(c) No amendment to the Standard Terms or the Series Certificate Agreement will be effective without the written consent of the Sponsor and until all of the following conditions have been satisfied:

(i) Freddie Mac and the Administrator have received an Opinion of Tax Counsel satisfactory to each of them to the effect that such amendment does not adversely affect any of the prior opinions relating to federal income taxation pertaining to the Certificates;

(ii) The Required Class B Certificate Consent has been delivered to the Administrator;

(iii) The Administrator will provide notice of any proposed amendment to the Registered Holders at least 20 days prior to the effective date of such amendment. In the case of an amendment that is not a Section 12.01(b) amendment, if the Reset Rate is a Monthly Reset Rate, and the next Purchase Date or Mandatory Tender Date will occur either (i) after the proposed effective date of such amendment, or (ii) before the date which is 10 Business Days after the Registered Holders receive notice of such amendment, then Holders of Class A Certificates will be permitted to treat the Business Day preceding the proposed effective date of such amendment as a Purchase Date for purposes of exercising their Optional Tender. In the case of a Section 12.01(b) amendment, Holders of Class A Certificates who elect to retain their Class A Certificates, in accordance with Section 6.07 of the Standard Terms, will be deemed to have consented to the related amendment; and

(iv) Each applicable Rating Agency has confirmed its rating on the Class A Certificates.

The Administrator will promptly provide notice to the Sponsor, the Remarketing Agent and each applicable Rating Agency of any amendments to the Standard Terms or the Series Certificate Agreement.

12.2 Execution of Amendments. In executing any amendment permitted by this Article XII, the Administrator will be entitled to receive, and (subject to Sections 10.01 and 10.03) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by the Series Certificate Agreement. The Administrator may, but will not be obligated to, enter into any such amendment that affects the Administrator's own rights, duties, liabilities or immunities under the Series Certificate Agreement or otherwise.

12.3 Effect of Amendment. Upon the execution of any amendment pursuant to the provisions of this Article XII, the Series Certificate Agreement will be deemed modified and amended with respect to all Certificates, and the respective rights, limitations of rights, obligations and immunities under the Series Certificate Agreement of the Administrator, Freddie Mac, the Holders of Certificates and any other affected secured parties under the Series Certificate Agreement will thereafter be determined, exercised and enforced under the Series Certificate Agreement subject in all respects to such amendment, and all the terms and conditions of any such amendment will be deemed part of the terms and conditions of the Series Certificate Agreement for all purposes.

12.4 Reference in Certificates to Amendments. Certificates authenticated and delivered after the execution of any amendment pursuant to this Article XII may, and if required by the Administrator will, bear a notation in form approved by the Administrator as to any matter provided for in such amendment. New Certificates that are modified to conform to such amendment may be prepared and executed by Freddie Mac and authenticated and delivered by the Administrator in exchange for Outstanding Certificates.

Section 13. TERMINATION

13.1 Termination**.** (a) The respective obligations of Freddie Mac, the Administrator, the Remarketing Agent and the Sponsor created under the Series Certificate Agreement will terminate (other than the obligation of the Administrator to enforce any remaining obligations of Freddie Mac under Section 4.11 and to make payment to the Holders, and except with respect to the duties and obligations set forth in Sections 3.04(a), 3.05, 3.09, 4.02(d), 11.08, 11.10, 11.11, 13.02(b) and 14.09, which will survive any termination of the Series Certificate Agreement) upon the earliest of the following events (each of which is a *"Series Termination Event"*):

(i) the Series Expiration Date;

(ii) the Exchange Date on which all Certificates are exchanged for either Bonds or sales proceeds in connection with a Tender Option Termination Event or a Liquidity Failure;

(iii) the Mandatory Tender Date arising in connection with a Liquidity Provider Termination Event, a Clean-Up Event, or, if applicable, following a Sponsor Act of Bankruptcy (collectively, a "*Terminating Mandatory Tender Date*"); or

(iv) the date on which the Optional Disposition Right has been exercised with respect to the last Class A Certificate (unless such Class A Certificate has been remarketed).

Any termination of the Series Certificate Agreement on the Series Expiration Date will be effected as provided in Section 13.02. Any termination of the Series Certificate Agreement on the Exchange Date following the occurrence of a Tender Option Termination Event will be effected as provided in Sections 7.01 and 13.04. Any termination of the Series Certificate Agreement on the Exchange Date following the occurrence of a Liquidity Failure will be effected as described in as provided in Sections 6.06(c)(iii), 13.01(b) and 13.04. Any termination of the Series Certificate Agreement upon the occurrence of a Terminating Mandatory Tender Date will be effected as provided in Sections 13.01(b) and 13.03. Any termination of the Series Certificate Agreement on the date on which the Optional Disposition Right has been exercised with respect to the last Class A Certificate described above will be effected as provided in Sections 7.05 and 13.01(b). The Administrator will promptly provide notice to Freddie Mac, the Sponsor, the Remarketing Agent and each applicable Rating Agency of any Series Termination Event.

(b) On the Exchange Date, the applicable Terminating Mandatory Tender Date, or the applicable Optional Disposition Date described in Section 13.01(a)(iv), (i) the amounts, if any, on deposit in the Bond Payment Subaccount—Interest, or Bond Payment Subaccount--Principal, to the extent not previously distributed, will be distributed to the Holders based on their respective Current Certificate Balances and in accordance with their positive Capital Account Balances, and (ii) the amount in the Bond Payment Subaccount – Holdback, will be distributed to the Holders of Class B Certificates.

(c) So long as the Sponsor maintains the Minimum Sponsor Interest and a Series Termination Event has not occurred, the Series Pool will continue in full force and effect. The Series Pool will not terminate prior to the occurrence of a Series Termination Event.

13.2 Final Distribution on the Series Expiration Date**.** (a) The Administrator will give written notice to the Holders of the pending termination of the obligations and responsibilities of Freddie Mac, the Administrator, the Remarketing Agent and the Sponsor under the Series Certificate Agreement when the Series Expiration Date occurs. Such written notice will specify (i) the date on which the Administrator expects the final payment or distribution of principal will be made, but only upon presentation and surrender of such Certificates for cancellation at the principal office of the Administrator specified in such notice, (ii) the expected amount of such final payment or distribution, and (iii) that the Regular Record Date otherwise applicable with respect to such payment or distribution is not applicable, and that such payment or distribution will be made only to the Holders presenting and surrendering such Certificates at the principal office of the Administrator specified in such notice.

Even though a Certificate is surrendered when the final distribution of principal with respect to that Certificate is made, if interest or redemption premium with respect to such Certificate will be distributable pursuant to the Series Certificate Agreement on a date after such final distribution of principal, the Administrator will make such distribution from amounts deposited with respect to such interest or redemption premium in the related Distribution Account in accordance with the Series Certificate Agreement.

(b) Even after the Series Certificate Agreement terminates on the Series Expiration Date, any funds not distributed to any Holder of Certificates on the Redemption Date established for the final distribution on such Certificates because of the failure of such Holder to tender its Certificates will, on such Redemption Date, be set aside and credited to the account of the applicable non-tendering Holder. If any Certificates as to which notice of the pendency of the final distribution has been given as described in the second preceding paragraph have not been surrendered for cancellation within six months after the time specified in such notice, the Administrator will mail a second notice to the remaining non-tendering Holders to surrender their Certificates for cancellation in order to receive the final distribution with respect to their Certificates. If within one year after the second notice all Certificates have not been surrendered for cancellation, the Administrator will, directly or through an agent, make a reasonable effort to contact the remaining non-tendering Holders concerning surrender of their Certificates. The costs and expenses of maintaining the funds and of contacting such Holders will be paid out of the assets remaining in such funds prior to any distribution to such Holders. If within two years after the second notice any Certificates have not been surrendered for cancellation, the Administrator will thereafter hold such amounts for the benefit of such Holders, subject to any applicable escheat statutes. Any amounts held as described above will not be invested. No interest will accrue or be payable to any Holder on any amount held as a result of the Holder's failure to surrender its Certificates for final payment in accordance with this paragraph.

If the Aggregate Outstanding Class B Certificate Balance has not been reduced to zero after the final distributions pursuant to the provisions of Article IV and this Section 13.02 have been effected, all Class B Certificates will nonetheless be surrendered at the principal office of the Administrator. On the Series Expiration Date or as soon as practicable thereafter, the Bonds will be sold to the extent necessary to pay any accrued and unpaid expenses of the Series Pool (including, but not limited to, any unpaid Administrator Fee, Administrator Advances, Daily Administrator Advance Charges, Freddie Mac Fee, Servicing Fee and Remarketing Agent Fee). The remaining Bonds will be distributed to the Pledge Custodian to be held pursuant to the Reimbursement Agreement.

13.3 Terminating Mandatory Tender Date. (a) The Administrator will give written notice to the Registered Holders of the pending termination of the obligations and responsibilities of Freddie Mac, the Sponsor, the Remarketing Agent and the Administrator under the Series Certificate Agreement on a Terminating Mandatory Tender Date together with the notice of Mandatory Tender provided in Article VI.

(b) By the close of business on the related Terminating Mandatory Tender Date, the Administrator will liquidate the Series Pool in accordance with the following provisions. On the second Business Day immediately preceding the Terminating Mandatory Tender Date, the Administrator will solicit three bids to purchase the Bonds from Persons other than the Specified Parties and which customarily provide such bids, including but not limited to investment dealers and brokers that customarily deal in municipal bonds, determined for the Business Day immediately preceding the Terminating Mandatory Tender Date.

(c) On the Terminating Mandatory Tender Date, the Administrator will sell the Bonds to the extent necessary to pay (i) any accrued and unpaid expenses of the Series Pool (including, but not limited to, Administrator Fee, Freddie Mac Fee, Administrator Advances, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee) and (ii) Hypothetical Gain Share, if any, as calculated by the Administrator, to the extent unpaid by any Holder or Holders of Class B Certificates at their election after inquiry by the Administrator. The remaining Bonds will be distributed to the Pledge Custodian to be held pursuant to the Reimbursement Agreement.

(d) The Administrator will calculate and pay Hypothetical Gain Share, if any, in addition to the Purchase Price on the Terminating Mandatory Tender Date to the Holders of Class A Certificates tendered on the Terminating Mandatory Tender Date from (i) first, amounts provided by the Holders of Class B Certificates to the Administrator on such Terminating Mandatory Tender Date at their election after inquiry by the Administrator and (ii) second, from sales proceeds as described in Section 13.03(c).

(e) When the distributions required pursuant to Section 13.03 have been completed, all Class A Certificates and Class B Certificates will be canceled.

13.4 Exchange Date. (a) The Administrator will provide written notice of the pending termination of the responsibilities of Freddie Mac, the Sponsor, the Remarketing Agent and the Administrator under the Series Certificate Agreement arising from an Exchange Date. The termination of the Series Pool will be governed by the applicable provisions in the following paragraphs.

(b) Liquidity Failure or Tender Option Termination Event Relating to Rating Downgrade. If the Exchange Date arises from a Liquidity Failure or a Tender Option Termination Event described in Section 7.01(a)(iii) hereof, the following provisions will govern.

(i) On the Business Day immediately preceding such Exchange Date, the Administrator will solicit at least three commitments to purchase the Bonds from Persons, other than Specified Parties, which customarily provide such bids, including but not limited to investment dealers and brokers that customarily deal in municipal bonds. In the case of either a Liquidity Failure or a Tender Option Termination Event described in Section 7.01(a)(iii) hereof, if the Bonds can be sold for a price that is at least equal to the sum of the amounts specified in clauses (A) through (C) of the next subparagraph (the "Total Termination Required Exchange Price"), the Series Pool will be liquidated in accordance with the provisions of Section 13.04(b)(ii). In the case of either a Liquidity Failure or a Tender Option Termination Event described in Section 7.01(a)(iii) hereof, if the Bonds cannot be sold for a price that is at least equal to the Total Termination Required Exchange Price, Freddie Mac will elect that the Bonds be subject to mandatory purchase from the Series Pool at the Release Purchase Price and declare a Release Event for such purpose, and the Administrator will distribute the proceeds from such funding of such Release Event in the order provided in Section 13.04(b)(ii). If there is any failure in the funding of such Release Event which failure continues for a period of three (3) Business Days, the Series Pool will be liquidated in accordance with the provisions of Section 13.04(b)(iii).

(ii) If the Bonds can be sold for a price that is at least equal to the Total Termination Required Exchange Price, the Administrator will sell the Bonds on the Exchange Date to the party that has committed, by the close of the Administrator's business on the Business Day preceding the Exchange Date, to purchase the Bonds at the Commitment Price; however, if any Specified Party commits to purchase the Bonds at a price that is at least the Commitment Price, the Bonds will be sold to such Specified Party, with priority given, first, to Holders of Class B Certificates, and second, to Freddie Mac. Immediately upon the disposition of the Bonds in accordance with this subparagraph, the Administrator will distribute the liquidation proceeds from the sale of Bonds: (A) first, to pay any accrued and unpaid expenses of the Series Pool (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advance, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee); (B) second, to pay the Holders of Class A Certificates an amount equal to their Current Certificate Balances plus the accrued but unpaid Required Class A Certificate Interest Distribution Amount thereon; (C) third, to pay to the Holders of Class B Certificates an amount equal to their Current Certificate Balance; (D) fourth, to pay to Holders of Class A Certificates the amount of each such Holder's Capital Account Balance (after taking into account all allocations pursuant to Article XI of these Standard Terms and amounts previously distributed pursuant to clause (B)) as determined by Freddie Mac in accordance with Section 11.02 (generally, Gain Share as calculated pursuant to the Series Certificate Agreement); and (E) fifth, to pay to the Holders of Class B Certificates the amount of each such Holder's remaining Capital Account Balance (after taking into account all allocations pursuant to Article XI of these Standard Terms and previously distributed pursuant to clause (C)) as determined by Freddie Mac in accordance with Section 11.02 (including Gain Share and Market Discount Share).

(iii) In the case of either a Liquidity Failure or a Tender Option Termination Event descried in Section 7.01(a)(iii) hereof, if the Bonds cannot be sold for a price that is at least equal to the Total Termination Required Exchange Price and the funding of a Release Event does not occur as provided in Section 13.04(b)(i) hereof, the Series Pool will be liquidated as follows on the Exchange Date:

(A) With respect to each Bond, the Administrator will sell a principal amount of such Bond equal to the portion of the Outstanding Bond Balance necessary to generate proceeds sufficient to pay any accrued and unpaid expenses of the Series Pool (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advances, Daily Administrator Advance Charges and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the Outstanding Bond Balance to the Aggregate Outstanding Bond Balance; and

(B) After completing the sale required pursuant to preceding clause (A), the Administrator will distribute each Bond, on a pari passu basis, to the Holders of Class A Certificates and the Holders of Class B Certificates as follows: (i) to the Holders of Class A Certificates, on a pro rata basis, the product of (A) the remaining Outstanding Bond Balance and (B) the ratio of their Current Certificate Balance to the Aggregate Outstanding Certificate Balance; and (ii) to the Holders of Class B Certificates, on a pro rata basis, the product of (A) the remaining Outstanding Bond Balance and (B) the ratio of their Current Certificate Balance to the Aggregate Outstanding Certificate Balance.

(iv) Upon the completion of the distributions required pursuant to the preceding two subparagraphs, all Class B Certificates and Class A Certificates will be canceled.

(c) Tender Option Termination Event Relating to Failure to Pay or Taxability. (i) If the Exchange Date arises from a Tender Option Termination Event as described in Section 7.01(a)(i) or (ii) hereof, the following provisions will govern. By the close of business on the Exchange Date, the Administrator will use its best efforts to sell the Affected Bonds. On the Business Day immediately preceding such Exchange Date, the Administrator will solicit at least three commitments to purchase the Affected Bonds from Persons, other than Specified Parties, which customarily provide such bids, including but not limited to investment dealers and brokers that customarily deal in municipal bonds. In the case of a Tender Option Termination Event under either Section 7.01(a)(i) or (ii), if the Affected Bonds can be sold for a price that is at least equal to the sum of the amounts specified in clauses (A) through (C) of the next subparagraph (the "Partial Termination Required Exchange Price"), the Series Pool will be liquidated in part in accordance with Section 13.04(c)(ii). In the case of a Tender Option Termination Event under Section 7.01(a)(i), if the Affected Bonds cannot be sold for a price that is at least equal to the Partial Termination Required Exchange Price, the Series Pool will be liquidated in part in accordance with the provisions of Section 13.04(c)(iii). In the case of a Tender Option Termination Event under Section 7.01(a)(ii), if the Affected Bonds cannot be sold for a price that is at least equal to the Partial Termination Required Exchange Price, Freddie Mac will elect that the Affected Bonds be subject to mandatory purchase from the Series Pool at the Release Purchase Price and declare a Release Event for such purpose, and the Administrator will distribute the proceeds from such funding of such Release Event in the order provided in Section 13.04(c)(ii). If there is any failure in the funding of such Release Event which failure continues for a period of three (3) Business Days, the Series Pool will be liquidated in part in accordance with the provisions of Section 13.04(c)(iii).

(ii) If the Affected Bonds can be sold for a price that is at least equal to the Partial Termination Required Exchange Price, the Administrator will sell Affected Bonds on the Exchange Date to the party that has committed, by the close of the Administrator's business on the Business Day preceding the Exchange Date, to purchase the Affected Bonds at the Commitment Price; however, if any Specified Party commits to purchase the Affected Bonds at a price that is at least the Commitment Price, the Affected Bonds will be sold to such Specified Party, with priority given, first, to Holders of Class B Certificates and second, to Freddie Mac. Immediately upon the disposition of the Affected Bonds in accordance with this subparagraph, the Administrator will distribute the liquidation proceeds from the sale of Affected Bonds: (A) first, to pay any allocable accrued and unpaid expenses of the Series Pool (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advances, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the principal balance of the Affected Bonds to the Aggregate Outstanding Bond Balance; (B) second, to pay the Holders of Class A Certificates an amount equal to the sum of (1) the product of the principal balance of the Affected Bonds and the ratio of their Current Certificate Balances to the Aggregate Outstanding Certificate Balance and (2) the accrued but unpaid Required Class A Certificate Interest Distribution Amount thereon; (C) third, to pay to the Holders of Class B Certificates an amount equal to the product of the principal balance of the Affected Bonds and the ratio of their Current Certificate Balances to the Aggregate Outstanding Certificate Balance; (D) fourth, to pay to Holders of Class A Certificates Gain Share determined by Freddie Mac in accordance with Section 11.02; and (E) fifth, to pay the balance to the Holders of Class B Certificates.

(iii) In the case of a Tender Option Termination Event under Section 7.01(a)(i) or Section 7.01(a)(ii) hereof, if the Affected Bonds cannot be sold for a price that is at least equal to the Partial Termination Required Exchange Price (and in the case of a Tender Option Termination Event under Section 7.01(a)(ii), the funding of a Release Event does not occur as provided in Section 13.04(c)(i) hereof), the Series Pool will be liquidated in part as follows on the Exchange Date:

(A) With respect to each Affected Bond, the Administrator will sell the portion of the outstanding balance necessary to generate proceeds sufficient to pay any allocable accrued and unpaid expenses of the Series Pool (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advances, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the outstanding balance of such Bond to the Aggregate Outstanding Bond Balance; and

(B) After completing the sale required pursuant to preceding clause (A), the Administrator will distribute each Affected Bond, on a pari passu basis, to the Holders of Class A Certificates and the Holders of Class B Certificates as follows: (1) to the Holders of Class A Certificates on a pro rata basis, the product of (a) the remaining outstanding balance of such Affected Bond and (b) the ratio of their Current Certificate Balance to the Aggregate Outstanding Certificate Balance; and (2) to the Holders of Class B Certificates, on a pro rata basis, the product of (a) the remaining outstanding balance of such Affected Bond and (b) the ratio of their Current Certificate Balance to the Aggregate Outstanding Certificate Balance.

(iv) Upon the completion of the distributions required pursuant to this Section 13.04(c), (A) corresponding adjustments will be made to Capital Account Balances and Current Certificate Balances to reflect such distributions, (B) a corresponding adjustment will be made to the Liquidity Commitment, (C) the Affected Certificates will be deemed canceled and then Outstanding Certificates with Current Certificate Balances reflecting such adjustments will not be considered Affected Certificates for purposes of the Series Certificate Agreement, and (D) the related Tender Option Termination Event will no longer be considered to be continuing for purposes of the Series Certificate Agreement.

Section 14.
MISCELLANEOUS

14.1 Acts of Holders. (a) Any request or other action provided by the Series Certificate Agreement to be given or taken by Holders may be evidenced by one or more instruments of substantially similar tenor signed by such Holders or their agents; and, except as otherwise expressly provided in the Series Certificate Agreement, such action will become effective when such instrument or instruments are delivered to the Administrator and Freddie Mac. (Such an instrument is sometimes referred to in the Series Certificate Agreement as the *"action"* of the Holders signing such instrument). Proof of execution of any such instrument, or of the appointment of any such agent, will be sufficient for any purpose of the Series Certificate Agreement and (subject to Section 10.01) conclusive in favor of the Administrator and Freddie Mac, if made in the manner provided in this Section.

(b) Any action by the Holder of any Certificate will bind its successor Holder whether or not notation of such action is noted upon such Certificate.

14.2 Notices. Unless otherwise specified, all communications under the Series Certificate Agreement must be in writing and will be deemed duly given if personally delivered to, mailed by first-class mail, postage prepaid, or sent by Electronic Notice and confirmed by first-class mail, postage prepaid, addressed to: (i) in the case of Freddie Mac, Federal Home Loan Mortgage Corporation, 8100 Jones Branch Drive, Mail Stop B4Q, McLean, Virginia 22102, Attention: Director of Multifamily Management and Information Control, Telephone No.: (703) 903-2000, Facsimile No.: (703) 714-3273; Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22102, Attention: Associate General Counsel – Multifamily Legal Department, Telephone No.: (703) 903-2000, Facsimile: No.: (703) 903-2885; Federal Home Loan Mortgage Corporation, 8100 Jones Branch Drive, Mail Stop B4F, McLean, Virginia 22102, Attention: Director of Multifamily Loan Servicing, Telephone No.: (703) 714-3003, Facsimile No.: (703) 903-2000; and (ii) in the case of the Remarketing Agent, as provided in the Remarketing Agreement or, as to each such Person, at such other address designated by such Person in a written notice to each other such Person.

14.3 Notices to Holders; Waiver. Unless otherwise specified, wherever the Series Certificate Agreement provides for notice to Registered Holders of any event, such notice will be deemed to be sufficiently given (whether or not received) if given by mail, first-class postage prepaid, to each Registered Holder at such Registered Holder's address as it appears on the Certificate Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Registered Holder will affect the sufficiency of such notice with respect to any other Registered Holder, and any notice that is mailed in the manner provided in this Section will conclusively be presumed to have been properly given. In addition, the Administrator will provide to the Registered Holders, upon the request of the Holders of Certificates, the names and contacts of the Holders that have been provided by the Remarketing Agent (to the extent that the Remarketing Agent can ascertain the identity of the beneficial owners without expense and through the use of commercially reasonable methods) and certain notices as prescribed by the Remarketing Agreement.

14.4 Successors and Assigns. All covenants and agreements of Freddie Mac set forth in the Series Certificate Agreement will bind its successors and assigns.

14.5 Severability. If any provision of the Series Certificate Agreement or the Certificates is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

14.6 Benefits of Series Certificate Agreement. Nothing in the Series Certificate Agreement or in the Certificates, express or implied, will give to any Person, other than the parties to the Series Certificate Agreement and their successors, the Remarketing Agent and the Holders, any benefit of any legal or equitable right, remedy or claim under the Series Certificate Agreement.

14.7 Governing Law**.** The Series Certificate Agreement and each Certificate will be construed, and the rights and obligations of Freddie Mac and the Administrator under the Series Certificate Agreement will be determined, in accordance with federal statutory or common law ("Federal law"). Insofar as there may be no applicable rule or precedent under Federal law, and insofar as to do so would not frustrate the purposes of any provision of the Freddie Mac Act, the local law of the State of New York will be deemed reflective of Federal law. The parties agree that any legal actions between Freddie Mac and the Administrator or the Holders regarding each party under the Series Certificate Agreement will be originated in the United States District Court in and for the Eastern District of Virginia, and the parties hereby consent to the jurisdiction and venue of said Court in connection with any action or proceeding initiated concerning the Series Certificate Agreement.

14.8 Counterparts**.** The Series Certificate Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute but one and the same instrument.

14.9 Non-Petition Covenants**.** The Administrator, in its individual capacity, agrees, and it is a condition to the appointment of any successor Administrator, co-Administrator or separate Administrator, and to the appointment of the Certificate Registrar, that the Person so appointed will agree, in its individual capacity, and the Sponsor agrees, that it will not, at any time, consent, petition or otherwise invoke the process of the United States, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government for the purpose of commencing or sustaining a case by or against Freddie Mac or the Series Pool under a federal or state bankruptcy, insolvency or similar law, or for the appointment of a receiver of Freddie Mac or the Series Pool, or all or any part of their respective property or assets, or ordering the winding up or liquidation of the affairs of Freddie Mac or the Series Pool. Freddie Mac agrees that it will not, at any time, consent, petition or otherwise invoke the process of the United States, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government for the purpose of commencing or sustaining a case by or against the Series Pool under a federal or state bankruptcy, insolvency or similar law, or for the appointment of a receiver of the Series Pool or all or any part of the Series Pool's property or assets, or ordering the winding up or liquidation of the affairs of the Series Pool. Each such agreement will survive any termination of the Series Certificate Agreement and the subsequent removal of such Person from its capacity under the Series Certificate Agreement.

[End of Standard Terms]

EXHIBIT A

Exhibit A to Standard Terms

DEFINITIONS

"*Accreted Price*" means, with respect to any Bond, the Deposit Price, adjusted for (i) the amortization of bond premium or the accrual of original issue discount, if any, as determined under applicable Code provisions, and (ii) the Accrued Market Discount, if any, calculated with respect to such Bond.

"*Accrual Commencement Date*" means the date upon which interest begins accruing on the Certificates.

"*Accrual Period*" means (i) as to the First Payment Date, the period that begins on (and includes) the Accrual Commencement Date, and ends on (and excludes) the first day of the month in which such Payment Date occurs and (ii) as to any other Payment Date, the calendar month preceding that Payment Date. The Accrual Period for each Payment Date ends fifteen days prior to the related Payment Date except when the fifteenth day is not a Business Day, in which event the Accrual Period ends more than fifteen days in advance of such Payment Date.

"*Accrued Interest on the Bonds*" means the amount set forth in the Series Certificate Agreement representing the portion of the interest on the Bonds that accrued prior to the Accrual Commencement Date.

"*Accrued Market Discount*" means, with respect to any Bond that is a "market discount bond" as defined in Section 1278(a) of the Code, determined as of the date such Bond is transferred to the Series Pool, the accrued market discount as defined in Section 1276(b) of the Code, calculated on a straight-line basis (without regard to whether the election set forth in Section 1276(b)(2)(A) of the Code had been made) and assuming no election has been made under Section 1278(b) of the Code.

"*Act of Bankruptcy*" shall mean an Owner or the Sponsor, as applicable, (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency, reorganization, liquidation or dissolution law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation; (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of a receiver, administrator, conservator, liquidator, custodian, trustee or other similar official for it or for all or substantially all of its assets; (vii) has a secured party or other creditor take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in the preceding clauses (i) to (vii) (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"*Adjusted Capital Account Deficit*" will mean, with respect to any Holder, the deficit balance, if any, in such Holder's Capital Account (as hereinafter defined) as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Holder is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations.

"*Administrator*" means Freddie Mac, until a successor Person has been appointed the Administrator pursuant to the applicable provisions of the Series Certificate Agreement, and thereafter "Administrator" means such successor Person.

"*Administrator Advance*" means an advance by the Administrator to Holders of Class A Certificates pursuant to Section 4.09 of the Standard Terms.

"*Administrator Advance Charges*" means charges for the benefit of the Administrator in the aggregate amount of the Daily Administrator Advance Charges.

"*Administrator Fee*" means, if applicable, the annual amount payable to the Administrator (if other than Freddie Mac), determined by multiplying the Administrator Fee Rate by the Aggregate Outstanding Bond Balance.

"*Administrator Fee Rate*" means, if applicable, the rate set forth in the Series Certificate Agreement or provided by notice from Freddie Mac to the Administrator and the Sponsor.

"*Affected Bond*" means, (i) in the case of a Tender Option Termination Event relating to a rating downgrade as described in clause (c) of the definition of Tender Option Termination Event, each Bond; and (ii) in the case of a Tender Option Termination Event relating to a failure to pay or an event of taxability as described in clauses (a) or (b) of the definition of Tender Option Termination Event, each Bond giving rise to such event.

"*Affected Certificate*" means, upon the occurrence of a Tender Option Termination Event, each Certificate until the distributions required by Section 13.04 of the Standard Terms have been made.

"*Affiliate*" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Aggregate Outstanding Bond Balance*" means the aggregate of the Outstanding Bond Balances.

"*Aggregate Outstanding Certificate Balance*" means, as of any date of determination, the sum of the Aggregate Outstanding Class A Certificate Balance and the Aggregate Outstanding Class B Certificate Balance.

"*Aggregate Outstanding Class A Certificate Balance*" means, as of any date of determination, the aggregate of the Current Class A Certificate Balances.

"*Aggregate Outstanding Class B Certificate Balance*" means, as of any date of determination, the aggregate of the Current Class B Certificate Balances.

"*Agreement*" means the Series Certificate Agreement, into which is incorporated the Standard Terms, including all exhibits, schedules, supplements, appendices and amendments to each.

"*Asset(s)*" and "*Series Pool Asset(s)*" means (i) the Bonds and all Bond Payments made from and after the Date of Original Issue and certificates and instruments, if any, representing the Bonds, (ii) the Distribution Account (including any amounts held therein), (iii) the Credit Enhancement and the Liquidity Facility and (iv) all proceeds of the foregoing of every kind and nature.

"*Authorized Denomination*" means, with respect to any Class A Certificate, an initial certificate balance of at least $5,000 with integral multiples of $5,000 in excess thereof, and with respect to any Class B Certificate, an initial certificate balance of at least $5,000, subject to, with respect to any Certificate, necessary adjustments due to redemptions after the Date of Original Issue.

"*Available Funds*" means with respect to any Payment Date, the sum of the deposit into the Distribution Account or related subaccount pursuant to Section 4.02 of the Standard Terms and any other funds available to the Administrator for payment to the Holders, including Administrator Advances; provided that Administrator Advances may only be treated as Available Funds for the purpose of making payments of the Required Class A Certificate Interest Distribution Amount.

"Available Interest Amount" means, as of any date of determination, accrued and to accrue Bond interest from the beginning of the Accrual Period to the next Reset Date, described as follows. Available Interest Amount is only used in the context of establishing the Maximum Reset Rate where all the Bonds are not fixed rate bonds and is only calculated on a Reset Date. Accrued and to accrue Bond interest will be determined on a Bond by Bond basis as the product of the Bond Rate and the related Outstanding Bond Balance, calculated for each preceding day in the applicable Accrual Period and each day up to and including the next Reset Date; however, if the Bond Rate has not been determined for any day up to and including the next Reset Date, then the Bond Rate for such day will be deemed to be the minimum stated rate of interest on the Bonds. Available Interest Amount will never be more than interest on the Bonds regardless of any calculation previously made. Available Interest Amount is expressed as the variable "AIA" in the following formula:2

AIA = AI+TAI
where
AI = accrued interest for each preceding day in the Accrual Period

TAI = interest that will accrue for each day up to and including the next Reset Date (but only at the minimum stated interest unless the interest rate is known)

2 Example 1:

Assumptions: 1. Bonds bear variable interest tied to the SIFMA Municipal Swap Index ("SIFMA") are reset on the same day as a Weekly Reset Date.

2. The applicable Weekly Reset Date is the beginning of the third reset period following the beginning of the Accrual Period, so there are 14 days of prior interest accrual.

3. During the first accrual week, SIFMA interest was 2.0%; during the second accrual week, SIFMA interest was 2.5%. SIFMA is established for the third week at 2.3%.

4. $100,000,000 in Outstanding Bond Balance

Interest Accruals:1. First Week = $100,000,000 times 2% divided by 365 times 7 = $38,356.16
2. Second Week = $100,000,000 times 2.5% divided by 365 times 7 = $47,945.20
3. Third Week = $100,000,000 times 2.3% divided by 365 times 7 = $44,109.58
So Available Interest Amount = $130,410.94

Example 2: Same assumptions except that the Reset Date is a Monthly Reset Date in a 31 day month. Interest accruals are the same. Note that because we cannot determine the SIFMA for the last 10 days of the month, no additional accrued interest on the Bonds can be projected and taken into account. So Available Interest Amount is the same as Example 1, or $130,410.94

Example 3: Same assumptions except that the Reset Date is a Term Reset Date with a period of 6 months. Interest accruals are the same as in Example 1. So Available Interest Amount is the same as Example 1, or $130,410.94

"*Available Remarketing Class A Certificates*" means (i) Tendered Class A Certificates, (ii) Class A Certificates subject to Mandatory Tender (A) on a Term Effective Date (that is not a Reset Rate Method Change Date), (B) on a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Weekly Reset Rate Method or a Monthly Reset Rate Method to a Monthly Reset Rate Method or a Term Reset Rate Method, (C) on a Reset Rate Method Change Date relating to a change (but not a continuation) in the Reset Rate Method from a Term Reset Rate Method or a Monthly Reset Rate Method to a Weekly Reset Rate Method or Monthly Reset Rate Method, (D) the date on which an amendment to the Standard Terms described in Section 12.01(b) becomes effective and (E) the date on which a successor Sponsor is appointed pursuant to Section 3.08 of the Standard Terms, and (iii) Class A Certificates with respect to which the Holder thereof has exercised the Optional Disposition Right. Available Remarketing Class A Certificates do not include Pledged Class A Certificates that are purchased in connection with a Special Adjustment Event.

"*Bankruptcy Code*" means the United States Bankruptcy Code of 1978, as amended in 1986 and as it may be further amended from time to time (Title 11 of the United States Code), and any successor statute thereto.

"*Bankruptcy Coverage Payments*" means any payments that are made in accordance with the Credit Enhancement with respect to amounts recovered after disgorgement pursuant to the Bankruptcy Code or under any applicable banking laws.

"*Bond Counsel*" means any attorney at law, or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income of interest on bonds for federal income tax purposes, issued by states and political subdivisions, and which is acceptable to Freddie Mac and to the Sponsor.

"*Bond Documents*" means, with respect to any Bond, the trust indenture, ordinance, resolution and any other agreements or instruments pursuant to which such Bond has been issued or secured (including any loan agreement, note, mortgage, deed of trust or any rate cap or interest rate protection agreement delivered to the applicable Bond Trustee) or governing the operation of the Project financed by such Bond, as the same may be amended or supplemented from time to time.

"*Bondholder Representative*" means Freddie Mac, in its capacity as bondholder representative, controlling party or majority owner of the Bonds, as applicable, under the Bond Documents.

"*Bond Interest Payment Date*" means the dates in each year on which interest is paid on the Bonds. Such dates are set forth in the Series Certificate Agreement.

"*Bond Mortgage*" means, with respect to each Project, the multifamily deed of trust or mortgage, as applicable, assignment of rents, security agreement and fixture filing delivered on the closing date for the related Bonds, together with all riders and addenda, from the Owner of the Project granting a first priority mortgage and security interest in the Project to secure the repayment of the Bond Mortgage Loan, which Bond Mortgage has been assigned by the Issuer to the Bond Trustee pursuant to the Indenture.

"*Bond Mortgage Loan*" means, with respect to each issue of Bonds, the loan by the Issuer to the Owner with respect to the Project in an amount equal to the aggregate principal amount of such issue of Bonds.

"*Bond Mortgage Documents*" means, with respect to each Bond Mortgage Loan, the Bond Mortgage, the Bond Mortgage Note, the LURA, the Loan Agreement and any related documents evidencing the obligations of the Owner under the Bond Mortgage Note or securing payment or performance of such obligations or otherwise pertaining to such obligations, including any HUD Document, as each such document, agreement or instrument may be amended, modified or supplemented from time to time.

"*Bond Mortgage Note*" means, with respect to each Bond Mortgage Loan, the promissory note from the Owner to the Issuer, including all riders and addenda, evidencing the Owner's obligation to repay the Bond Mortgage Loan, as the same may be amended, modified or supplemented from time to time, which Bond Mortgage Note has been assigned by the Issuer to the Bond Trustee.

"*Bond Payment Subaccount—Holdback*" means the subaccount of the Distribution Account established pursuant to Section 4.02(a) of the Standard Terms into which payments up to the amount of the Holdback Requirement are deposited by the Administrator.

"*Bond Payment Subaccount—Interest*" means the subaccount of the Distribution Account established pursuant to Section 4.02(a) of the Standard Terms into which interest payments on the Bonds are deposited by the Administrator.

"*Bond Payment Subaccount—Principal*" means the subaccount of the Distribution Account established pursuant to Section 4.02(a) of the Standard Terms into which principal and Bond Redemption Premium payments on the Bonds and Hypothetical Gain Share are deposited by the Administrator.

"*Bond Payments*" means any payments of principal, Bond Redemption Premium or interest on any Bond (whether derived from amounts paid by or on behalf of the Issuer of or other obligor on the Bond, Freddie Mac, or otherwise) other than Bankruptcy Coverage Payments.

"*Bond Rate*" means, with respect to any Bond, as of any date of determination, the then applicable rate of interest payable on such Bond.

"*Bond Redemption Date*" means, with respect to any Bond, the date on which such Bond is redeemed pursuant to the applicable Bond Documents.

"*Bond Redemption Premium*" means, with respect to any Bond, any portion of a payment made in connection with the redemption of all or a portion of the Outstanding Bond Balance that is in excess of the sum of (i) the Outstanding Bond Balance or the portion of such Outstanding Bond Balance that was redeemed, as the case may be, and (ii) interest accrued at the Bond Rate on the applicable Outstanding Bond Balance (if any) from and including the last Bond Interest Payment Date to but excluding the Bond Redemption Date.

"*Bond Trustee*" means, with respect to any Bond, the financial institution designated as trustee for such Bond and any separate paying agent therefor, pursuant to the applicable Bond Documents. The term "Bond Trustee" will also be deemed to refer to, with respect to any series of Bonds, any separate paying agent for that series of Bonds.

"*Bonds*" means, collectively, the securities identified in the Series Certificate Agreement on the Date of Original Issue and "Bond" shall mean any one of such Bonds. The term "Bonds" shall include municipal securities as well as custodial receipts, trust receipts or any other similar instrument evidencing an ownership interest in municipal securities held in a pass-through arrangement.

"*Business Day*" means any day other than (i) a Saturday or a Sunday, (ii) a day on which federal government offices located in the District of Columbia generally are closed, (iii) a day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed, (iv) a day on which the Freddie Mac permanent home office is closed, (v) a day on which DTC is authorized or obligated by law or executive order to remain closed or (vi) a day on which (a) banking institutions in the City of New York or in the city in which the principal office of the Administrator, the Remarketing Agent or Freddie Mac is located are closed or (b) the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"*Capital Account*" means the capital account established and maintained for each Holder pursuant to Section 11.02 of the Standard Terms.

"*Capital Account Balance*" means the Capital Account balance for each Holder adjusted pursuant to Section 11.02 of the Standard Terms for all events having occurred immediately prior to the time of determination.

"*Capital Contribution*" will mean the amount of money, and the Fair Market Value of any property other than money, contributed to the Series Pool pursuant to Article II of the Standard Terms by a Holder or any amount paid by the Sponsor pursuant to Section 3.04 or 3.05 of the Standard Terms or otherwise contributed to the Series Pool by the Sponsor. Any amounts paid by the initial purchasers of Certificates to acquire Certificates, including any amounts representing accrued interest, will be deemed to have been contributed to the Series Pool.

"*Capital Gains*" and "*Capital Losses*" will mean gains or losses from the Disposition of Bonds but will not include Market Discount Gain.

"*Certificate Payment Amount*" means for any Payment Date and Class of Certificates, the aggregate payment to be made to Holders of such Class of Certificates, which payment is equal to the amounts provided in Article IV of the Standard Terms.

"*Certificate Register*" means the register maintained by the Certificate Registrar that provides for the registration of Certificates and transfers of Certificates.

"*Certificate Registrar*" means the certificate registrar and transfer agent with respect to the Certificates, which will be Freddie Mac unless otherwise indicated in the Series Certificate Agreement.

"*Certificates*" means the Class A Certificates and the Class B Certificates.

"*Class*" means the class designation, either Class A or Class B, borne by any Certificate.

"*Class A Certificate*" means a Certificate designated as such issued pursuant to the Series Certificate Agreement, evidencing an ownership interest in the Bonds.

"*Class A Certificate Notional Accelerated Principal Paydown Amount*" means, if specified as applicable in the Series Certificate Agreement, with respect to any Payment Date, to the extent of remaining Available Funds, the amount identified on the Notional Accelerated Principal Amortization Schedule that corresponds to such Payment Date, together with all such amounts for prior Payment Dates remaining unpaid. To the extent remaining Available Funds are not sufficient to pay in full to the Holders of Class A Certificates such current and prior amounts, any unpaid amounts will be deferred until the next Payment Date.

"*Class A Holder*" means a Holder of a Class A Certificate.

"*Class B Certificate*" means a Certificate designated as such issued pursuant to the Series Certificate Agreement, evidencing an ownership interest in the Bonds.

"Class Factor" means for any month with respect to the Class A Certificates, a truncated eight-digit decimal that, when multiplied by the Initial Certificate Balance of such Class, will equal its Current Certificate Balance. The Class Factor for any month reflects the payments of principal to be made on the Payment Date in the same month.

"*Clean-Up Event*" means a Mandatory Tender of the Class A Certificates pursuant to Section 6.04 of the Standard Terms, at the election of Freddie Mac or the Sponsor at any time after the Aggregate Outstanding Bond Balance is not more than 5% of the Aggregate Outstanding Bond Balance on the Date of Original Issue.

"*Clean-Up Notice*" means the notice given to the Administrator pursuant to Section 7.06 of the Standard Terms.

"*Code*" means the Internal Revenue Code of 1986, as it may be amended from time to time, and any successor statute thereto.

"*Commission*" means the Securities and Exchange Commission, as constituted from time to time, created under the Securities Exchange Act.

"*Commitment Price*" means, with respect to any date of determination, the highest cash purchase price for the Bonds subject to sale or distribution on such date obtained by the Administrator by soliciting in good faith at least three bids to purchase such Bonds from Persons (other than the Administrator, the Remarketing Agent, Freddie Mac, any Holder of a Class B Certificate, or any Affiliate of any such Person) that customarily provide such bids, including, but not limited to, investment dealers and brokers that customarily deal in municipal bonds.

"*Covered Payment*" means those certain payments to be made by Freddie Mac if required in connection with an Owner Act of Bankruptcy pursuant to the Credit Enhancement.

"*Credit Enhancement*" means the guaranty of Freddie Mac set forth in Section 4.11 of the Standard Terms.

"*Current Certificate Balance*" means the Current Class A Certificate Balance or the Current Class B Certificate Balance, as appropriate.

"*Current Class A Certificate Balance*" means with respect to any Class A Certificate, as of any date of determination, its Initial Certificate Balance minus the sum of all amounts previously distributed to the Holder of such Certificate (or any Predecessor Certificate) with respect to principal payments on the Bonds, payments arising from a Release Event, and Class A Certificate Notional Accelerated Principal Paydown Amounts, if applicable.

"*Current Class B Certificate Balance*" means with respect to any Class B Certificate, as of any date of determination, its Initial Certificate Balance thereof (i) minus the sum of all amounts previously distributed to the Holder of such Certificate (or any Predecessor Certificate) with respect to principal payments on the Bonds and payments arising from a Release Event; (ii) plus, (A) on each Payment Date, the amount obtained by multiplying the Class A Certificate Notional Accelerated Principal Paydown Amounts, if any, distributed to the Holders of Class A Certificates under Section 4.03(a)(v) of the Standard Terms on such Payment Date by the ratio of the Current Certificate Balance of such Class B Certificate to the Aggregate Outstanding Class B Certificate Balance.

"*Daily Administrator Advance Charge*" means, for any day, the amount of outstanding Administrator Advances on such day multiplied by the prime rate in effect on such date and divided by 365. Prime rate will equal the prime or base lending rate of major banks as published in the Wall Street Journal.

"*Date of Original Issue*" means the day on which the Certificates are first executed, authenticated and delivered by the Administrator.

"*Delivery Office*" means the office of the Administrator located at Freddie Mac, 1551 Park Run Drive, MS D5B, McLean, Virginia 22102, Attention: Office of the Registrar, or such other address as the Administrator may designate from time to time by notice to the Registered Holders, the Remarketing Agent and Freddie Mac.

"*Deposit Price*" means, with respect to any Bond, the federal income tax basis of such Bond determined in accordance with the Code at the time of transfer and deposit as set forth in the Series Certificate Agreement with respect to Bonds transferred and deposited on the Date of Original Issue or on any Substitution Date.

"*Depositor Order*" means a written order or request signed in the name of Freddie Mac by any Responsible Officer of Freddie Mac.

"*Disposition*" means, with respect to any Bond, any redemption, maturation, sale or other disposition of such Bond, or portion thereof, that results in the realization of gain or loss under applicable Code provisions.

"*Disposition Gain*" means, with respect to a Disposition of any Bond or portion thereof, the excess, if any, of the amount realized from such Disposition as determined under applicable Code provisions, over the Accreted Price of such Bond (including, if applicable, any Bond Redemption Premium) or portion of such Bond.

"*Disposition Loss*" means, with respect to a Disposition of any Bond, or portion thereof, the excess, if any, of the Accreted Price of such Bond, or portion thereof, over the amount realized from such Disposition, as determined under applicable Code provisions.

"*Distribution Account*" means, collectively, the segregated subaccounts established and maintained pursuant to Section 4.02 of the Standard Terms.

"*Documents*" means, collectively, the Series Certificate Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Certificates; and the term "Document" will mean any of the foregoing.

"*DTC*" means The Depository Trust Company or any successor securities depository institution selected or approved by Freddie Mac.

"*DTC Participant*" means a member of, or participant in, DTC, as provided in the rules and regulations of DTC.

"*Electronic Notice*" means notice given by telecopy, facsimile transmission, electronic mail ("e-mail") or other similar electronic means of communication.

"*Event of Default*" means:

(a) The Administrator defaults in the payment to Holders of the applicable Certificate Payment Amount or Freddie Mac defaults in the payment of any amount pursuant to the Credit Enhancement or the Liquidity Facility when the same is due and payable as provided in the Series Certificate Agreement, and such default continues for a period of three (3) Business Days; or

(b) Freddie Mac or the Administrator fails to observe or perform any other of its covenants set forth in the Series Certificate Agreement, and such failure continues for a period of 60 days after the date on which written notice of such failure, requiring Freddie Mac or the Administrator to remedy the same, has been given to Freddie Mac or the Administrator, as appropriate, by the Holders representing not less than 60% of the then outstanding unpaid principal balance of the Class A Certificates or Class B Certificates, as applicable.

"*Excess Accrued Net Interest Amount*" means, as of any date of determination, the excess of accrued interest on the Bonds over the sum of the accrued interest on the Class A Certificates for each prior day in any Accrual Period. This definition is used in establishing the Maximum Reset Rate where all the Bonds are fixed rate bonds after the excess amount is converted to an interest rate related to the Class A Certificates as provided in the definition of Excess Accrued Net Interest Amount Rate. The calculation of Excess Accrued Net Interest Amount is determined as (i) the aggregate amount of interest calculated at the applicable Bond Rate on the Outstanding Bond Balance of each related Bond for each preceding day in the Accrual Period over (ii) the sum of the aggregate amount of interest calculated at the applicable Reset Rate on the Aggregate Outstanding Class A Certificate Balance for each such day (whether or not distributed to Holders).

"Excess Accrued Net Interest Amount Rate" means, with respect to the determination of the Maximum Reset Rate where all the Bonds are fixed rate bonds the following: a per annum rate equal to the product of (i) the quotient obtained by dividing (a) 365 (or 366 in a leap year) by (b) the number of calendar days during which a Reset Rate will be in effect and (ii) the quotient (expressed as a percentage of the Aggregate Outstanding Class A Certificate Balance) obtained by dividing (a) the Excess Accrued Net Interest Amount as of the relevant day of determination by (b) the Aggregate Outstanding Class A Certificate Balance as of such day. This rate is expressed as the variable "ER" in the following:3

$$ER = \frac{365/6}{D} \quad \frac{EA}{CLA}$$

where

D = number of calendar days during which a Reset Period will be in effect
EA = Excess Accrued Net Interest Amount
CLA = Aggregate Outstanding Class A Certificate Balance

3 Example 1:

Assumptions = 1. Weekly Reset Rate

2. Excess Accrued Net Interest Amount: $50,000

3. Aggregate Outstanding Class A Certificate Balance: $80,000,000

$$\frac{365}{7} \times \frac{\$50{,}000}{\$80{,}000{,}000}$$
(52.1428) (0.000625)
.03258

Example 2:

Assumptions: Same assumptions except that there is a Monthly Rate

$$\frac{365}{30} \times \frac{\$50{,}000}{\$80{,}000{,}000}$$
(12.1666) (0.000625)
.00760

"*Exchange Date*" means the date on which the Series Pool is liquidated in whole or in part in accordance with Section 13.04 of the Standard Terms, which date will be designated by Freddie Mac and will occur within five Business Days after the occurrence of a Tender Option Termination Event or Liquidity Failure.

"*Exchanging Holder*" means each related holder of class B certificates of another Series as described in Section 7.02(c) of the Standard Terms.

"*Exercise Notice*" means the notice delivered by a DTC Participant through which a Class A Certificate is held for a Holder of Class A Certificates on the records of DTC to the Remarketing Agent and the Administrator pursuant to Section 6.03 of the Standard Terms in connection with the exercise of the Tender Option.

"*Fair Market Value*" for any asset will mean its fair market value as determined in good faith by the Remarketing Agent pursuant to a valuation made (i) on the basis of current bid prices for such asset, (ii) if bid prices are not available for such asset, on the basis of current bid prices for comparable assets, (iii) by determining the value of such asset on the bid side of the market by appraisal, or (iv) by any combination of the foregoing. For purposes of the foregoing, the Remarketing Agent will utilize the services of Persons which are not the Administrator, the Remarketing Agent, Freddie Mac, any Holder of Class B Certificates or any Affiliate of any such Person.

"*First Optional Disposition Date*" means the date set forth as such in the Series Certificate Agreement.

"*First Payment Date*" means the initial Payment Date on which interest is scheduled to be payable on the Certificates, as set forth in the Series Certificate Agreement.

"*Fiscal Year*" will mean the fiscal year of the Series Pool for financial accounting purposes and for federal, state and local income tax purposes, or such shorter period for which income tax returns must be prepared. Such Fiscal Year initially will be the calendar year, unless a different Fiscal Year is required by Section 706(b) of the Code and the Regulations thereunder.

"*Fitch*" means Fitch, Inc. and its successors.

"*Freddie Mac*" means Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

"*Freddie Mac Act*" means Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459.

"*Freddie Mac Fee*" means the fees due Freddie Mac under the Reimbursement Agreement for providing the Credit Enhancement, the Liquidity Facility and serving as Administrator.

"*Gain Share*" means, (i) first, with respect to the Holders of Class A Certificates that have had their Certificates redeemed or exchanged (to the extent applicable to such a redemption or exchange pursuant to the operative provisions of the Series Certificate Agreement), the product of (a) 10% of the Disposition Gain and (b) the ratio of the Aggregate Outstanding Class A Certificate Balance to the Aggregate Outstanding Certificate Balance (as determined immediately prior to the redemption or exchange, as applicable, of Certificates); and (ii) second, with respect to the Holders of Class B Certificates, the remaining Disposition Gain. Gain Share with respect to the Holders of the Class A Certificates for any one Bond is expressed as the variable "GS" in the following formula:

$$GS = (.10)(DG)\left(\frac{CLA}{CLA+CLB}\right)$$

where

DG = Disposition Gain

CLA = Aggregate Outstanding Class A Certificate Balance

CLB = Aggregate Outstanding Class B Certificate Balance

Example:

Assumptions:

1. Disposition Gain = (2%)($50,000,000 Bonds)
2. Aggregate Outstanding Class A Certificate Balance = $80,000,000
3. Aggregate Outstanding Class B Certificate Balance = $20,000,000

$$(.10)(1{,}000{,}000)\left(\frac{80{,}000{,}000}{80{,}000{,}000+20{,}000{,}000}\right)$$

$(100{,}000)(.8) = \$80{,}000$

In this example the Holders of Class A Certificates receive $80,000 and the Holders of Class B Certificates receive the balance, or $920,000.

"*Global Class A Certificate*" means with respect to any Series of book-entry Class A Certificates, a global certificate executed and authenticated by the Administrator, substantially in the form attached to the Standard Terms, evidencing all of the Class A Certificates of such Series. If the rules and regulations of DTC (or a successor securities depository, including, if designated by Freddie Mac, the Federal Reserve Bank) so require, a Series of book-entry Class A Certificates may be evidenced by more than one Global Class A Certificate which, together, will evidence all of the Class A Certificates of such Series, and which, together, will constitute the "Global Class A Certificate" for such Series.

"*Grant*" means to pledge or grant a lien upon or a security interest in, or a right of set-off to, the Administrator pursuant to a Series Certificate Agreement. A Grant of a security interest in the Bonds, or any other instrument, will include all rights but none of the obligations of the granting party.

"*Holdback Requirement*" means, on each Payment Date, the amount designated as such in the Series Certificate Agreement; provided, however, that the Holdback Requirement may be changed by Freddie Mac in accordance with the Series Certificate Agreement or the Registered Holders of not less than 51% of the Aggregate Outstanding Class B Certificate Balance with the written consent of Freddie Mac, by written notice to the Administrator not less than ten (10) Business Days prior to any Payment Date.

"*Holder*" means (i) with respect to a Class A Certificate, a Person who is listed as the beneficial owner of such Class A Certificate in the records of a DTC Participant or Indirect DTC Participant and (ii) with respect to a Class B Certificate, the beneficial owner of such Class B Certificate.

"*HUD Document*" means, with respect to any Mortgaged Property, any interest rate reduction agreement, housing assistance payment agreement or similar document delivered by or on behalf of the Department of Housing and Urban Development to provide support for rent or mortgage payments.

"Hypothetical Gain Share" means, for any Class A Certificate, with respect to a Release Event Date, an Optional Disposition Date or a Mandatory Tender Date relating to a Liquidity Provider Termination Event, a Sponsor Act of Bankruptcy (if applicable) or a Clean-Up Event, (i) the product of (a) the aggregate of, for each Bond, (1) the highest bid (not including accrued interest) obtained after the Remarketing Agent solicits three bids to purchase such Bond from Persons that customarily provide such bids, other than the Administrator, Freddie Mac, the Remarketing Agent, any Holder of Class B Certificates, or any Affiliate of any such Person, including but not limited to investment dealers and brokers that customarily deal in municipal bonds, determined for the Business Day immediately preceding the Release Event Date, Optional Disposition Date, or Mandatory Tender Date, as applicable, minus (2) the Accreted Price of such Bond and (b) the ratio of the Current Certificate Balance of such Class A Certificate to be tendered to the Aggregate Outstanding Certificate Balance and (c) 0.10, minus (ii) any Hypothetical Gain Share previously paid to any Holder of such Class A Certificate. However, in no event may the Hypothetical Gain Share be less than zero. Hypothetical Gain Share is expressed as the variable "HGS" in the following formula:4

$$HGS = (MV-AP)\left(\frac{ACAC}{CLA+CLB}\right)(.10) - HGSPP$$

where

MV = highest bid obtained from qualified bidder

AP = Accreted Price for that Bond

ACAC = Current Certificate Balance of applicable Class A Certificate

CLA = Aggregate Outstanding Class A Certificate Balance

CLB = Aggregate Outstanding Class B Certificate Balance

HGSPP = Hypothetical Gain Share previously paid to any Holder of the applicable Class A Certificate

4Example:

Assumptions:

1. Market Value of First Bond = (110%)(10,000,000)
2. Accreted Price of First Bond = (100%)($10,000,000)
3. Current Certificate Balance of applicable Class A Certificate = $5,000,000
4. Aggregate Outstanding Class A Certificate Balance = $20,000,000
5. Aggregate Outstanding Class B Certificate Balance = $10,000,000
6. Market Value of Second Bond = (100%)($10,000,000)
7. Accreted Price of Second Bond = (100%)($10,000,000)
8. Market Value of Third Bond = (98%)($10,000,000)
9. Accreted Price of Third Bond = (100%)($10,000,000)
10. Previously paid applicable Hypothetical Gain Share = $2,000 (100%)

Bond 1: ((110%)($10,000,000)-(100%)($10,000,000))($5,000,000 / ($20,000,000+$10,000,000))(.10) = $16,666

Bond 2: ((100%)($10,000,000)-(100%)($10,000,000))($5,000,000 / ($20,000,000+$10,000,000))(.10) = zero

Bond 3: ((98%)($10,000,000)-(100%)($10,000,000))($5,000,000 / ($20,000,000+$10,000,000))(.10) = ($3,333)

However, Hypothetical Gain Share may not be less than zero, so the amount for Bond 3 equals zero.

Aggregating the hypothetical gain share
Bond 1 + Bond 2 + Bond 3 - HGSPP
$16,666 + 0 + 0 - $2,000 = $14,666

"*Indirect DTC Participant*" means an entity holding securities through a DTC Participant as described in the rules and regulations of DTC.

"*Initial Certificate Balance*" means the initial certificate balance of any Certificate set forth on the face of such Certificate.

"*Initial Purchaser*" means, if applicable, the initial purchaser(s) of the Class A Certificates named in the Remarketing Agreement.

"*Investment Company Act*" means the Investment Company Act of 1940, as amended from time to time, and any successor statute thereto.

"*Investor Letter*" means the investor letter executed by each Holder of Class B Certificates in the form attached to the Standard Terms or as otherwise approved by Freddie Mac.

"*Issuer*" means, with respect to each Bond, the entity specified as the Issuer in the Series Certificate Agreement.

"*Knowledge*" means actual knowledge.

"*Letter of Representations*" means the letter of representations from Freddie Mac to DTC in connection with each Series Certificate Agreement, relating to the Certificate or, if applicable, any blanket letter of representations from Freddie Mac to DTC, and any amendment or replacement of such letter.

"*Lien*" means a lien, charge, security interest, mortgage, pledge, encumbrance, or other type of preferential arrangement (including the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement).

"*Liquidity Commitment*" means, with respect to the Liquidity Facility, the amount for which Freddie Mac is obligated to honor demands for payment under the Liquidity Facility.

"*Liquidity Facility*" means the agreement of Freddie Mac set forth in Section 6.01(b) of the Standard Terms to pay the Purchase Price of certain Class A Certificates.

"*Liquidity Failure*" means the failure of Freddie Mac to comply with its obligations in accordance with the provisions of the Liquidity Facility, and the continuance of such failure for three (3) Business Days, to pay the Purchase Price of Class A Certificates subject to Mandatory Tender, Tendered Class A Certificates whose Holders have exercised the Tender Option or Class A Certificates whose Holders have exercised their Optional Disposition Right.

"*Liquidity Provider*" means Freddie Mac.

"*Liquidity Provider Termination Event*" means the occurrence of an Event of Default under the Reimbursement Agreement.

"*Liquidity Provider Termination Notice*" means the notice given to the Administrator by Freddie Mac pursuant to Section 7.03 of the Standard Terms.

"*Loan Agreement*" means, with respect to any issue of Bonds, the loan agreement, financing agreement or other agreement providing for the Bond Mortgage Loan from the Issuer to the Owner.

"*LURA*" means with respect to any issue of Bonds, the land use restriction agreement, tax regulatory agreement or other similar agreement imposing operating restrictions on the related Project.

"*Mandatory Tender*" means the obligation of the Holders of Class A Certificates to tender such Certificates for purchase pursuant to Section 6.04 of the Standard Terms, subject to the right to retain such Certificates pursuant to Section 6.07 of the Standard Terms.

"*Mandatory Tender Date*" means any date on which Class A Certificates, other than Affected Certificates, are subject to Mandatory Tender pursuant to Section 6.04 of the Standard Terms following the occurrence of a Mandatory Tender Event.

"*Mandatory Tender Event*" means any of the events set forth in Section 6.04 of the Standard Terms.

"*Mandatory Tender Notice*" means the notice given by the Administrator to the Registered Holders of the occurrence of a Mandatory Tender Event pursuant to Section 6.05 of the Standard Terms.

"*Market Discount Gain*" means, with respect to a Disposition of any Bond or portion of a Bond, the amount of any gain recognized for federal income tax purposes on such Disposition, to the extent such gain does not exceed the Accrued Market Discount, if any, on such Bond or portion thereof.

"*Market Discount Share*" means 100% of the Market Discount Gain, which will be allocated solely to the Holders of Class B Certificates.

"*Maximum Reset Rate*" is to be calculated by the Remarketing Agent on any Reset Date immediately before determining the applicable Reset Rate. The Maximum Reset Rate is to be calculated, as applicable, using one of two different methods. One method applies only if all the Bonds are fixed rate bonds and the other method applies if any of the Bonds are not fixed rate bonds.

The Maximum Reset Rate, if all the Bonds are fixed rate bonds, is equal to the Excess Accrued Net Interest Amount Rate, if any, plus a rate determined by dividing the product of the lowest Bond Rate times the Aggregate Outstanding Bond Balance by the Aggregate Outstanding Class A Certificate Balance as of such day. For any Reset Rate Method other than a Weekly Reset Rate method, the calculation will not include the Excess Accrued Net Interest Amount Rate because the Maximum Reset Rate is calculated on a Reset Date and there will be no Excess Accrued Net Interest Amount on a Reset Date for a Monthly Reset Rate Method or a Term Reset Rate Method. This Maximum Reset Rate is expressed as the variable MRR(FRB) in the following formula:5

$$MRR(FRB) = \frac{365/6}{D} \frac{EA}{CLA} \text{ PLUS } \frac{(LBRxBB)}{CLA}$$

5 Example 1:

Assumptions: 1. Aggregate Outstanding Bond Balance: $100,000,000

2. Lowest Bond Rate: 6.5%

3. Aggregate Outstanding Class A Balance: $80,000,000

4. Aggregate Outstanding Class B Balance: $20,000,000

5. Not a leap year

6. Weekly Reset Rate; 7 days previously accrued interest for Class A Certificates at 3.8%

7. The applicable Weekly Reset Date is the second such Reset Date in the Accrual Period

STEP ONE:

Bond Interest on $100,000,000@6.5% for 7 days = $124,657.53

Accrued interest on Class A Certificates for 7 days @3.8% = $58,301.37

($124,657.53)-($58,301.37) = $66,356.16

STEP TWO: convert that amount to an annual interest rate related to Class A Certificates:

$$\frac{365}{7} \times \frac{EA}{CLA}$$

(52.1428)(.00082945) = 4.324995%

STEP THREE: Convert Bond interest to an interest rate related to Class A Certificates

$$\frac{(LBR)(BB)}{CLA}$$

$$\frac{(.065)(100,000,000)}{80,000,000}$$

8.125%

STEP FOUR: add STEP TWO and STEP THREE

4.324995%+8.125% = 12.449995%

Example 2:

1. Same assumptions as first six assumptions

2. 14 days of accrued interest on Class A Certificates at 3.8% and the applicable Weekly Reset Date is the third Weekly Reset Date in the Accrual Period

STEP ONE:

Bond interest on $100,000,000@6.5% for 14 days = $249,315.07
Accrued interest on Class A Certificates @3.8% for 14 days = $116,602.74
($249,315.07)-($116,602.74)=$132,712.33

STEP TWO: convert that amount to an annual interest rate related to Class A Certificates

$$\frac{365}{D} \times \frac{EA}{CLA}$$

$$\frac{365}{7} \times \frac{\$132,712.33}{\$80,000,000}$$

(52.1428)(.00165890) = 8.649991%

STEP THREE: Convert Bond interest to interest rate related to Class A Certificates. Same result as Example 1 = 8.125%

STEP FOUR: add STEP TWO and STEP THREE

8.649991% + 8.125% = 16.774991%

This Maximum Reset Rate is determined in four steps.

STEP ONE: the Excess Accrued Net Interest Amount is determined, which is the excess of accrued interest on the underlying Bonds over the sum of interest on the Class A Certificates, in each case, for each prior day in the Accrual Period.

STEP TWO: the Excess Accrued Net Interest Amount is converted to an annual rate of interest (the Excess Accrued Net Interest Amount Rate) related to the Class A Certificates. This excess rate is expressed as the variable "ER" in the following formula:

$$ER = \frac{365/6}{D} \times \frac{EA}{CLA}$$

where
D = Number of calendar days during which a Reset Period will be in effect
EA = Excess Accrued Net Interest Amount
CLA = Aggregate Outstanding Class A Certificate Balance

STEP THREE: interest on the Bonds at the lowest Bond Rate is converted to an interest rate related to the Class A Certificates. This converted rate is expressed in the following formula:

$$\frac{(LBR \times BB)}{CLA}$$

where
LBR = Lowest Bond Rate
BB = Aggregate Outstanding Bond Balance

STEP FOUR: add the rates obtained in STEP TWO and STEP THREE.

The Maximum Reset Rate, if any of the Bonds are not fixed rate bonds, is equal to the product of (i) the quotient of the number of days in the year divided by the number of days in which a Reset Rate will be in effect times (ii) the quotient of (a) the Available Interest Amount minus the aggregate amount of interest accrued at the applicable Reset Rate on the Aggregate Outstanding Class A Certificate Balance for each preceding day in the Accrual Period divided by (b) the Aggregate Outstanding Class A Certificate Balance; provided however, that the Class A Certificates will never accrue more interest than the Available Interest Amount, regardless of any calculation previously made. Unlike the formula for determining the Maximum Reset Rate where all Bonds are fixed rate Bonds, this calculation will apply to all Reset Rate Methods because the determination of the Available Interest Amount includes both accrued interest on the Bonds and Interest on the Bonds that will accrue over the balance of the applicable Reset Period, to the extent that amount is known. This Maximum Reset Rate is expressed as the variable MRR(NFRB) in the following formula:6

$$MRR(NFRB) = \frac{365}{D}(AIA-ACI)$$

where

D = number of calendar days in which a Reset Period will be in effect
AIA = Available Interest Amount
ACI = Accrued Certificate Interest

6 Example 1:
Assumptions: 1. Weekly Reset for Class A Certificates
2. Available Interest Amount the same as Example 1 under definition of Available Interest Amount
3. Not a leap year
4. Aggregate Outstanding Class A Certificate Balance: $80,000,000
5. Interest accrued on Class A Certificates at 2.0% during first week and 2.5% during second week

$$\frac{\frac{365}{7} \times (\$130,410.94 - (69,041.10)}{\$80,000,000}$$

$$\frac{(52.1428)(\$61,369.84)}{\$80,000,000}$$

3.9999% = Maximum Reset Rate

Example 2:
Assumptions: 1. Weekly Reset for Class A Certificates
2. Available Interest Amount assumptions
a. Bonds bear interest at 90% of 30 day LIBOR; LIBOR is 3.0% for applicable period and
for this example, LIBOR is set on the same day as the first Weekly Reset Date in the Accrual Period
b. the applicable Weekly Reset Date is the beginning of the third reset period so there are 14
days of prior interest accrual on the Class A Certificates
c. $100,000,000 in Outstanding Bond Balance
3. Not a leap year
4. Aggregate Outstanding Class A Certificate Balance: $80,000,000
5. Interest accrued on Class A Certificates at 2.0% during first week and 2.5% during second week

STEP ONE: establish Reset Rate period factor

$$\frac{365}{7} = 52.1428$$

STEP TWO: determine the Available Interest Amount accruals on Bonds: $155,342.46
(21 days; 14 days have already accrued and since the rate is established for next 7 days that period is
included as well)

AIA = $155,342.46 then subtract Class A Certificates Accruals from AIA $155,342.46 – $69,041.10 = $86,301.36

STEP THREE: multiply STEP ONE times STEP TWO and convert to interest rate related to Class A Certificates

$$\frac{(52.1428)(\$86,301.36)}{\$80,000,000}$$

5.62499% = Maximum Reset Rate

Example 3:
Assumptions: 1. Same as Example 2 except that the applicable Weekly Reset Date is the first one in the Interest Accrual Period so there are no prior interest accruals on the Bonds or the Class A Certificates
STEP ONE: the applicable Reset Period factor is 52.1428
STEP TWO: determine the Available Interest Amount Interest accruals on Bonds: $51,780.82
(7 days until next Weekly Reset Date since rate on Bonds is established)

AIA = $51,780.82

STEP THREE: multiply STEP ONE times STEP TWO and convert to interest rate related to Class A Certificates

$$\frac{(52.1428)(\$51,780.82)}{\$80,000,000}$$

3.337% = Maximum Reset Rate

Example 4:
Assumptions: 1. Same as Example 3 except that $20,000,000 of Bonds bear interest at 90% of 30 day LIBOR and $80,000,000 of Bonds are fixed rate bonds bearing interest at 6.8%

STEP ONE: the applicable Reset Period factor is 52.1428

STEP TWO: determine the Available Interest Amount
Interest accruals on Bonds
$20,000,000 LIBOR-based Bonds = $\frac{(\$20,000,000)(2.7\%)(7)}{365} = \$10,356.16$
$\frac{(\$80,000,000)(6.8\%)(7)}{365} = \$104,328.76$

AIA = ($10,356.16+$104,328.76) = $114,684.92

STEP THREE: multiply STEP ONE and STEP TWO and convert to interest rate related to Class A Certificates

$$\frac{(52.1428)(\$114,684.92)}{\$80,000,000}$$

7.47499% = Maximum Reset Rate

This Maximum Reset Rate is determined in three steps.

STEP ONE: establish the Reset Rate period factor

$$D = \frac{\text{Number of calendar days in which a Reset Period will be in effect}}{365}$$

STEP TWO: determine the Available Interest Amount; then subtract Accrued Certificate Interest

STEP THREE: multiply STEP ONE times STEP TWO and convert product to interest rate related to Class A Certificates by dividing by Aggregate Outstanding Class A Certificate Balance

"*Minimum Sponsor Interest*" means, (i) if the Series Certificate Agreement provides that the Partnership Factors apply, with respect to any day, an amount equal to the lesser of one percent of the Aggregate Outstanding Certificate Balance and $500,000 (adjusted for any capital contributions (actual or deemed) by any Holder) or (ii) in all other cases, an aggregate interest at all times in the capital of the Series Pool of $5,000.

"*Minimum Sponsor Percentage*" means, if the Series Certificate Agreement provides that the Partnership Factors apply, one percent and in all other cases, "Minimum Sponsor Percentage" will not apply to the related Series.

"*Monthly Closing Election*" means an election pursuant to Revenue Procedure 2003-84 (or any successor Revenue Procedure or other applicable Internal Revenue Service guidance) that, if available, and if made on behalf of an eligible Series Pool, permits items of income, gain, loss or deduction of the Series Pool to be determined for federal income tax purposes on the basis of a monthly closing of its books.

"*Monthly Reset Date*" means the Business Day immediately preceding the first day of the next succeeding calendar month, provided that if the Reset Rate Method is being changed to the Monthly Reset Rate Method, the Monthly Reset Date will be the Business Day immediately preceding the Reset Rate Method Change Date.

"*Monthly Reset Rate*" means a Reset Rate that is determined by the Remarketing Agent on a monthly basis as provided in Article V of the Standard Terms.

"*Monthly Reset Rate Method*" means the method used to determine the Monthly Reset Rate in accordance with Article V of the Standard Terms.

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

"*Non-Monetary Default*" means the occurrence of any default, other than the failure to pay principal, premium or interest, on the Bonds or any document or instrument related to the Bonds.

"*Notice of Sponsor Bankruptcy*" means the notice given to the Remarketing Agent and Freddie Mac by the Administrator pursuant to Section 7.04 of the Standard Terms.

"*Notional Accelerated Principal Amortization Schedule*" means, if applicable to a Series, the schedule provided by Freddie Mac on the Date of Original Issue and attached to the Series Certificate Agreement, which schedule contains the Class A Certificate Notional Accelerated Principal Paydown Amount applicable to each Payment Date, and which may be amended by Freddie Mac to the extent the Remarketing Agent deems appropriate.

"*Odd-Lot Subaccount"* means the segregated subaccount designated as such forming part of the Distribution Account.

"*Offering Circular*" means the Offering Circular, including any Offering Circular Supplement, describing the Class A Certificates.

"*Official Action*" means any formal action conducted by a Person, which results in a written statement of action duly approved by an authorized committee or governing body of such Person, as appropriate.

"*Offsetting Allocations*" will have the meaning set forth in Section 11.05(d) of the Standard Terms.

"*Opinion of Counsel*" means one or more written opinions of outside counsel for Freddie Mac satisfactory to the Administrator and Freddie Mac, and which opinion is addressed to the Administrator and Freddie Mac and is in form and substance satisfactory to the Administrator and Freddie Mac.

"*Opinion of Tax Counsel*" means one or more written opinions of an attorney or firm of attorneys duly admitted to the practice of law before the highest court of any state of the United States of America and experienced in matters pertaining to the tax-exempt status of interest on state and local obligations, as well as to the status of interests in trusts, partnerships and other structures containing such obligations, which counsel is satisfactory to the Administrator and Freddie Mac and which opinion is addressed to the Administrator and Freddie Mac, and is in form and in substance satisfactory to the Administrator and Freddie Mac.

"*Optional Disposition Date*" means with respect to any Class A Certificate, the First Optional Disposition Date and each Payment Date thereafter.

"*Optional Disposition Price*" means, with respect to any Class A Certificate, the sum of the Purchase Price and the Hypothetical Gain Share.

"*Optional Disposition Right*" means the right of a Holder of a Class A Certificate to tender such Class A Certificate in exchange for the Optional Disposition Price in accordance with the provisions of Section 7.05 of the Standard Terms.

"*Outstanding*" means, with respect to the Certificates, as of any date of determination, all such Certificates previously executed, authenticated and delivered under the Series Certificate Agreement except:

(i) Certificates previously canceled by the Certificate Registrar or the Administrator or delivered to the Certificate Registrar or the Administrator for cancellation; and

(ii) Certificates in exchange for which, or in lieu of which, other Certificates have been executed, authenticated and delivered pursuant to the Series Certificate Agreement, unless proof satisfactory to the Administrator is presented that any such Certificates are held by a bona fide purchaser.

"*Outstanding Bond Balance*" means, with respect to any Bond, as of any date of determination, the outstanding principal balance of such Bond as of the Date of Original Issue, as set forth in the Series Certificate Agreement (or in the case of a Substitute Bond, the outstanding principal balance of the Substitute Bond as of the Substitution Date), minus any payment of principal on such Bond received by the Administrator with respect to such Bond after the Date of Original Issue (or Substitution Date, if applicable) and on or before such date of determination.

"*Owner*" means, with respect to any Project, the owner of such Project and any successor owner.

"*Owner Act of Bankruptcy*" means an Act of Bankruptcy arising with respect to an Owner.

"*Partnership Factors*" means the provisions of the Series Certificate Agreement necessary for the arrangement created in the Series Certificate Agreement to be treated as a partnership under the tax laws of certain states and which will only apply to the Series Pool and the Certificates if the Series Certificate Agreement so states, in connection with the application of the definitions of "Minimum Sponsor Interest" and "Minimum Sponsor Percentage", and Sections 3.05, 3.06, 7.04 and 11.05(e) of the Standard Terms.

"*Paying Agent*" means the Administrator or any other Person appointed as Paying Agent by the Administrator in accordance with Section 4.04 of the Standard Terms.

"*Payment Date*" means the fifteenth day of each calendar month, provided, that if such day is not a Business Day, the Payment Date will occur on the next Business Day.

"*Permitted Increment*" shall mean with respect to any redemption of Class A Certificates pursuant to Section 4.03 of the Standard Terms, $5,000 or any integral multiple of $5,000 in excess thereof.

"*Person*" means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

"*Placement Agent*" means, if applicable, the Placement Agent for the Class A Certificates designated in the Remarketing Agreement.

"*Pledge Custodian*" means Freddie Mac or any other entity appointed by Freddie Mac to serve in such capacity.

"*Pledged Class A Certificate*" means (i) any Available Remarketing Class A Certificate purchased with funds derived from a demand on the Liquidity Facility, which is registered in the name of the Pledge Custodian, pursuant to Section 6.06(d) of the Standard Terms, and which is pledged to Freddie Mac as security for the reimbursement obligation owed to Freddie Mac with respect to such demand on the Liquidity Facility and (ii) any Class A Certificate purchased in connection with a Special Adjustment Event and which is registered in the name of the Pledge Custodian and pledged to Freddie Mac as security for the obligations of the Sponsor under the Reimbursement Agreement.

"*Predecessor Certificate*" means, with respect to any Certificate, every previous Certificate evidencing all or a portion of the same Initial Certificate Balance as that evidenced by such Certificate. For the purpose of this definition, any Certificate executed, authenticated and delivered under Section 2.07 of the Standard Terms in lieu of a lost, destroyed or stolen Certificate will be deemed to evidence the same interest in the assets held by the Administrator.

"*Preliminary Class A Certificate Rate*" means the interest rate set pursuant to Section 5.02(b) or 5.03(a) of the Standard Terms, as applicable.

"*Proceeding*" means any suit in equity, action at law or other judicial or administrative proceeding.

"*Profits*" and "*Losses*" will mean, for each Fiscal Year or other period, an amount equal to the Series Pool's taxable income or loss for such Fiscal Year or period, except for Market Discount Gains, Capital Gains and Capital Losses, determined in accordance with Section 703(a) of the Code, which for this purpose, will include all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code, with the following adjustments:

(a) Any income of the Series Pool that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be added to such taxable income or loss;

(b) Any expenditures of the Series Pool described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be subtracted from such taxable income or loss; and

(c) Any amounts paid by the Sponsor pursuant to Sections 3.04 or 3.05 of the Standard Terms will be treated as payments of expenses by the Series Pool.

Notwithstanding any of the foregoing, any items which are specially allocated pursuant to Section 11.05 of the Standard Terms will not be taken into account in computing Profits or Losses.

"*Project*" means the related multifamily development financed with proceeds of a series of Bonds.

"*Purchase Date*" means any date on which the Class A Certificates, other than Affected Certificates and Pledged Class A Certificates, are eligible for purchase pursuant to an exercise of the Tender Option, as specified in Section 6.03 of the Standard Terms.

"*Purchase Price*" means, with respect to any Class A Certificate, an amount equal to the sum of (i) the Current Certificate Balance of such Class A Certificate and (ii) the accrued and unpaid Required Class A Certificate Interest Distribution Amount on such Current Certificate Balance to but not including the Purchase Date; provided, that "Class A Certificates", for purposes of this definition, refers solely to Class A Certificates that are not Affected Certificates.

"*Purchase Price Excess*" will have the meaning set forth in Section 6.06(b) of the Standard Terms.

"*Rating Agency*" shall mean each institution that at the request of Freddie Mac provides a rating with respect to the Class A Certificates, as set forth in the Series Certificate Agreement. For purposes of the Series Certificate Agreement, "applicable Rating Agency" refers to all institutions that are rating such Class A Certificates at such time.

"*Redemption Date*" means any day on which payments of principal or Bond Redemption Premium with respect to any Bond are to be distributed to Holders of Class A Certificates, which day will be a Payment Date.

"*Redemption Premium Payment*" means the respective portions of the Bond Redemption Premium payable to Holders in accordance with the definitions of "Disposition Gain" and "Gain Share".

"*Redemption Record Date*" means, with respect to a Redemption Date, the close of business on the last day of the month prior to the month in which such Redemption Date occurs.

"*Registered Holder*" means the Person in whose name a Certificate is registered on the Certificate Register.

"*Regular Record Date*" means, with respect to any Payment Date, including a Redemption Date, the last day of the month preceding the month in which such Payment Date occurs.

"*Regulations*" means the Treasury Regulations promulgated under the Code, as such regulations are in effect on the date of the Series Certificate Agreement.

"*Regulatory Allocations*" will have the meaning set forth in Section 11.05(d) of the Standard Terms.

"*Reimbursement Agreement*" means the Bond Exchange, Reimbursement, Pledge and Security Agreement between the Sponsor and Freddie Mac, as amended or supplemented, which agreement is executed and delivered concurrently with the Series Certificate Agreement.

"*Release Event*" means, with respect to any series of Bonds, the occurrence of either (i) a Tax Event with respect to such Bonds, (ii) an event of default pursuant to the related Bond Documents, (iii) a material adverse credit condition with respect to the Bonds or under the related Bond Documents or Bond Mortgage Documents or the Reimbursement Agreement (including but not limited to a loss of or failure to establish a real estate tax abatement for a related Project where applicable), (iv) the Sponsor's delivery of notice to the Administrator that the Sponsor has elected to purchase a portion of the Bonds in connection with a substitution of Bonds as provided in Section 3.10 of the Standard Terms, (v) the Sponsor's delivery of notice to the Administrator that the Sponsor has elected to purchase all of the Bonds in the Series Pool on either September 15, 2017 or September 15, 2020, (vi) the termination of the Series in accordance with Article XIII of the Standard Terms, or (vii) a breach of a representation or warranty made by the Sponsor with respect to a series of Bonds or related Project is not cured pursuant to the Reimbursement Agreement.

"*Release Event Date*" means the date on which the payment of the Release Purchase Price is received by the Administrator concurrent with the provision of notice to the Holders that a Release Event has occurred.

"*Release Purchase Price*" means, with respect to any Bond, an amount equal to the then outstanding principal amount of such Bond plus accrued interest on such Bond to, but not including, the Release Event Date.

"*Remarketing Agent*" means the remarketing agent named in the Series Certificate Agreement, and its successors and assigns.

"*Remarketing Agent Fee*" will have the meaning set forth in the Remarketing Agreement.

"*Remarketing Agent Fee Rate*" will have the meaning set forth in the Remarketing Agreement.

"*Remarketing Agent Notice*" means the notice given by the Remarketing Agent to the Administrator and Freddie Mac pursuant to Section 6.06(a)(iii) of the Standard Terms with respect to remarketing proceeds received by the Remarketing Agent related to remarketed Class A Certificates.

"*Remarketing Agreement*" means, with respect to each Series of Class A Certificates, the related Certificate Purchase and Remarketing Agreement among Freddie Mac, the Sponsor, the Initial Purchaser and the Remarketing Agent (or, as applicable, the related Certificate Placement and Remarketing Agreement among Freddie Mac, the Sponsor, the Placement Agent and the Remarketing Agent), as amended or supplemented.

"*Required Class A Certificate Interest Distribution Amount*" means, subject to Section 1.02 of the Standard Terms, with respect to any Class A Certificate and for any Payment Date, the aggregate of the amounts of interest accrued for each day in the Accrual Period related to such Payment Date, at the Reset Rate in effect on each such day, on the Current Certificate Balance of such Certificate for each such day.

"*Required Class B Certificate Consent*" means the prior consent of the Holders of Class B Certificates representing at least 51% of the Aggregate Outstanding Class B Certificate Balance, which consent will be deemed to have been given without any action being taken by the applicable Holder unless the Holder provides to the Administrator an executed notice of refusal of consent in form reasonably acceptable to the Administrator.

"*Reset Date*" means a Weekly Reset Date, a Monthly Reset Date or a Term Reset Date on which the Reset Rate is to be determined by the Remarketing Agent.

"*Reset Rate*" means the per annum rate at which interest accrues on the Current Certificate Balance of the Class A Certificates from time to time, as determined from time to time by the Remarketing Agent pursuant to Article V of the Standard Terms, subject to, on any day in an Accrual Period, the Maximum Reset Rate for such day.

"*Reset Rate Method*" means, on any day, the method in effect for determining the Reset Rate for a weekly, monthly or term interval, as applicable, pursuant to Article V of the Standard Terms.

"*Reset Rate Method Change Date*" means any date on which a change in the Reset Rate Method from a Weekly Reset Rate Method, a Monthly Reset Rate Method or a Term Reset Rate Method to another Reset Rate Method takes effect pursuant to Article V of the Standard Terms.

"*Reset Rate Method Change Notice*" means the notice given to the Remarketing Agent and the Administrator, and by the Administrator to the Registered Holders, pursuant to Section 5.02(c) or Section 5.03(c) of the Standard Terms.

"*Responsible Officer*" means, as to Freddie Mac or the Administrator, any of the President, any Vice President, any Managing Director, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of such entity.

"*Retention Notice*" means the notice delivered by or on behalf of a Holder of a Class A Certificate pursuant to Section 6.07 of the Standard Terms.

"*Section 761 Election*" means the election to exclude the Series Pool from the application of all of the provisions of Subchapter K of the Code, if such election is permitted to be taken pursuant to the Regulations.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time, and any successor statute thereto.

"*Securities Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute thereto.

"*Selected by Lot*" means, with respect to Class A Certificates held by DTC, the procedure by which Holders of Certificates are selected to be affected by a given action affecting less than all of the Holders under any CUSIP number are selected, which procedure will be initiated by the Administrator by notifying DTC of a requirement for such a selection. With respect to such Certificates, DTC will select, in such manner as it determines from a position listing of the aggregate Current Certificate Balances of such Class A Certificates as of the close of business on the date of such notice, the interests in Class A Certificates held by DTC Participants with respect to which such action will be taken. DTC will give the DTC Participant(s) for the interests so selected written notice of the selection, which will specify the date and nature of such action and the aggregate Current Certificate Balance of Class A Certificates to be selected. Each such DTC Participant will thereupon select, in such manner as it determines, the Holders with respect to whose interests such action will be taken. The Remarketing Agent will contact each such DTC Participant to request such DTC Participant to disclose to the Remarketing Agent the Holders so selected. With respect to the Class B Certificates and any Class A Certificates not held by DTC, "Selected by Lot" means selected by the Administrator by lot or in such other manner as the Administrator, in its discretion, deems fair.

"*Series*" means a separate series of Certificates issued pursuant to a Series Certificate Agreement and having the numerical or other designation specified therein.

"*Series Certificate Agreement*" means the Series Certificate Agreement into which the Standard Terms have been incorporated, including all schedules, exhibits, appendices and amendments, and pursuant to which the related Series Pool is created and related Certificates are issued.

"*Series Expiration Date*" means the date on which the final payment of principal and interest with respect to the Class A Certificates has been distributed by the Administrator pursuant to Article IV of the Standard Terms.

"*Series Pool*" means a discrete pool formed by Freddie Mac consisting of Assets with respect to which Freddie Mac has elected partnership status.

"*Series Termination Event*" means the occurrence of any of the following events:

(i) the Series Expiration Date;

(ii) the Exchange Date on which all Certificates are exchanged for Bonds or sales proceeds in connection with a Tender Option Termination Event or a Liquidity Failure;

(iii) the Mandatory Tender Date relating to a Mandatory Tender Event arising in connection with a Liquidity Provider Termination Event or following a Sponsor Act of Bankruptcy (if applicable) or a Clean-Up Event; or

(iv) the date on which the Optional Disposition Right has been exercised with respect to the last Class A Certificate (unless such Class A Certificate has been remarketed).

"*Servicer*" means the party designated as the Servicer in the Series Certificate Agreement.

"*Servicing Fee*" means the fee payable to the Servicer in accordance with the servicing arrangement between Freddie Mac and the Servicer.

"*Special Adjustment Date*" means the Mandatory Tender Date arising from a Special Adjustment Event.

"*Special Adjustment Event*" means, if specified as applicable to a Series Pool in the related Series Certificate Agreement, the occurrence of (i) the receipt of principal paid with respect to any "Class B Certificates" of another Series, as described in Section 7.02 of the Standard Terms, or, if applicable, (ii) any other event specified in the Reimbursement Agreement as giving rise to a Special Adjustment Event.

"*Special Adjustment Event Notice*" means the notice given to the Administrator by Freddie Mac pursuant to Section 7.02 of the Standard Terms.

"*Specified Party*" means, collectively, the Administrator, Freddie Mac, the Remarketing Agent and any Holder of Class B Certificates or any Affiliate of any such Person.

"*Sponsor*" means the party designated as the Sponsor in the Series Certificate Agreement.

"*Sponsor Act of Bankruptcy*" means an Act of Bankruptcy arising with respect to the Sponsor.

"*S&P*" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc, or its successor in interest. If neither such rating agency nor any successor remains in existence, "S&P" shall be deemed to refer to such other nationally recognized statistical rating agency or other comparable Person designated by Freddie Mac, notice of which designation shall be given to the Administrator, the Sponsor and the Remarketing Agent, and specific ratings of S&P referenced herein shall be deemed to refer to the equivalent ratings of the party so designated.

"*Standard Terms*" means the Standard Terms of the Series Certificate Agreement, together with all exhibits, as it may be amended or supplemented from time to time.

"*State*" means any one of the 50 states of the United States of America, or the District of Columbia.

"*Substitute Bonds*" means any new series of Bonds delivered in substitution for an existing series of Bonds in accordance with Section 3.10 of the Series Certificate Agreement on a Substitution Date.

"*Substitution Date*" means any date on which a substitution of Bonds is effected in accordance with the Series Certificate Agreement.

"*Tax Event*" means, with respect to any Bond (i) a determination that interest on such Bond is includable in the gross income of the owners thereof for federal income tax purposes, as a result of the entry of any decree or judgment by a court of competent jurisdiction; or (ii) the taking of any official action by the Internal Revenue Service, in either case, whether or not such decree, judgment or action is appealable or deemed to be final under applicable procedural law, which has the effect of a determination that interest on such Bond is includable in gross income of the owners thereof for federal income tax purposes.

"*Tender Advice*" means the notice delivered by the Administrator to Freddie Mac pursuant to Section 6.03 or 6.05 of the Standard Terms.

"*Tender Option*" means the right granted to the Holders of Class A Certificates pursuant to Section 6.01(a) of the Standard Terms to tender or cause to be tendered such Class A Certificates (other than Affected Certificates or Pledged Class A Certificates) for purchase by the Administrator from amounts deposited pursuant to Section 6.06 of the Standard Terms.

"*Tender Option Termination Event*" means:

(a) there shall have occurred (A) a failure to pay when due any installment of principal of or premium, if any, or interest with respect to any Bonds (whether by scheduled maturity, regular repayment, acceleration, demand or otherwise), and (B) a failure by Freddie Mac to pay under the Credit Enhancement set forth in Section 4.11 of the Standard Terms, which failure or failures continues for a period of three (3) Business Days;

(b) upon the entry of any decree or judgment by a court of competent jurisdiction or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action is deemed final under applicable procedural law, and which has the effect of a determination that the interest on any of the Bonds is includable in the gross income of the recipients thereof for federal income tax purposes; or

(c) if the rating of the long-term senior debt of Freddie Mac is reduced below "investment grade" (being "Baa3" in the case of Moody's and "BBB-" in the case of Fitch and S&P) by each Rating Agency rating such debt.

"*Tender Option Termination Notice*" means the notice given by the Administrator to the Registered Holders pursuant to Section 7.01 of the Standard Terms in connection with the occurrence of a Tender Option Termination Event.

"*Tendered Class A Certificates*" means any Certificate as to which an Exercise Notice has been given.

"*Term Effective Date*" means the date on which a particular Term Reset Rate will be effective.

"*Term Reset Date*" means the Business Day immediately preceding a Term Effective Date.

"*Term Reset Method Notice*" means the notice given to the Remarketing Agent and the Administrator, and given by the Administrator to the Registered Holders, pursuant to Section 5.03(b) of the Standard Terms.

"*Term Reset Rate*" means a Reset Rate determined by the Remarketing Agent for a specified term as provided in Article V of the Standard Terms.

"*Term Reset Rate Method*" means the method used to determine the Term Reset Rate in accordance with Article V of the Standard Terms.

"*Terminating Mandatory Tender Date*" means a Mandatory Tender Date relating to a Mandatory Tender Event arising in connection with a Liquidity Provider Termination Event, a Clean-Up Event or, if applicable, following a Sponsor Act of Bankruptcy.

"*UCC*" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"*Vice President*" means, with respect to Freddie Mac and the Administrator, any Senior Vice President, Vice President, or Assistant Vice President.

"*Weekly Reset Date*" means Wednesday of each week, or if Wednesday is not a Business Day, the immediately preceding Business Day, provided that, if the Reset Rate Method is being changed to the Weekly Reset Rate Method, the initial Weekly Reset Date will be the Business Day preceding the Reset Rate Change Date.

"*Weekly Reset Rate*" means a Reset Rate that is determined by the Remarketing Agent on a weekly basis as provided in Article V of the Standard Terms.

"*Weekly Reset Rate Method*" means the method used to determine the Weekly Reset Rate in accordance with Article V of the Standard Terms.

"*Weighted Average Bond Rate*" means, as of any date of determination, (i) the aggregate of, for each Bond, the product of the Outstanding Bond Balance and the related Bond Rate, divided by (ii) the Aggregate Outstanding Bond Balance, expressed as a percentage.

EXHIBIT B

[FORM OF CLASS A CERTIFICATES]

Freddie Mac

Multifamily Variable Rate Certificates

Series M024

Class A Certificate

CUSIP No.: _____ Certificate No.: __

Initial Certificate Balance of this
Class A Certificate (as of the Date of Original Issue): $_____
Registered Owner: Cede & Co.

Date of Original Issue: _____

THIS CERTIFICATE IS A GLOBAL CERTIFICATE REPRESENTING THE OWNERSHIP OF THE CLASS OF SECURITIES REFERRED TO ABOVE. THIS CERTIFICATE MAY ONLY BE TRANSFERRED IN WHOLE TO AN ENTITY THAT IS A "CLEARING CORPORATION" AS DEFINED IN THE UNIFORM COMMERCIAL CODE IN EFFECT IN THE STATE OF NEW YORK OR TO A SIMILARLY QUALIFIED ENTITY SELECTED OR APPROVED BY FREDDIE MAC.

This Class A Certificate evidences an ownership interest in the Assets, including the related Bonds as specified in the Series Certificate Agreement as hereinafter defined, constituting the Series Pool related to the Freddie Mac Multifamily Variable Rate Certificates, Series M024. The Bonds are being held in the Series Pool by Federal Home Loan Mortgage Corporation, as Administrator (the "*Administrator*" and "*Certificate Registrar*") pursuant to the terms of a Series Certificate Agreement dated as of September 1, 2010, by and between Federal Home Loan Mortgage Corporation ("*Freddie Mac*"), in its corporate capacity, and in its capacity as Administrator, including and incorporating therein the Standard Terms of the Series Certificate Agreement dated as of September 1, 2010 (the "*Standard Terms*"), together with all other exhibits, schedules, appendices, supplements and amendments thereto between Freddie Mac, in its corporate capacity and in its capacity as Administrator (collectively, the "*Series Certificate Agreement*"). A summary of certain of the provisions of the Series Certificate Agreement is set forth below. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Series Certificate Agreement. This Class A Certificate is issued pursuant to and is subject to the terms, provisions and conditions of the Series Certificate Agreement to which Series Certificate Agreement the Holder of this Class A Certificate (" *Class A Certificate Holder*") by virtue of the acceptance hereof assents and by which such Holder is bound. A copy of the Series Certificate Agreement is available for inspection at the Corporate Office of the Administrator.

In the event of any conflict between the terms of this Class A Certificate and the terms of the Series Certificate Agreement, the terms of the latter shall control.

All distributions of interest, principal and redemption premium, if any, will be made with respect to the Class A Certificates in accordance with the Series Certificate Agreement, subject to the rules and regulations of DTC. Interest with respect to the Class A Certificates will be determined based on the applicable Reset Rate Method in accordance with the provisions of the Series Certificate Agreement. Moreover, the final distribution will be paid only upon surrender of this Class A Certificate to the Administrator (subject to the rules and regulations of DTC).

Pursuant to the Series Certificate Agreement, Class A Certificates are subject to redemption from time to time, in whole or in part, in the manner and under the circumstances set forth in the Series Certificate Agreement.

Pursuant to the Series Certificate Agreement and subject to certain conditions specified therein, a Class A Certificate Holder shall have the right, at its option, to tender all or a portion of its Class A Certificate in Authorized Denominations to the Administrator for purchase (the "*Tender Option*"), except to the extent the Tender Option is earlier terminated as set forth therein. To exercise the Tender Option, an Exercise Notice in the form attached hereto as Annex 1 must be given in accordance with the procedures specified in Section 6.03 of the Series Certificate Agreement. The Purchase Price for such purchase will be payable as described in the Series Certificate Agreement (subject to the rules and regulations of DTC).

Pursuant to the Series Certificate Agreement, subject to certain conditions set forth therein, Class A Certificates are subject to mandatory tender, in whole or in part, on the Mandatory Tender Date specified for such purpose in a notice given to the Class A Certificate Holders by the Administrator.

The transfer of this Class A Certificate shall be registered in the Certificate Register upon surrender of this Class A Certificate for registration of transfer at the office or agency maintained by the Certificate Registrar therefor pursuant to Section 2.05(a) of the Series Certificate Agreement, and such Class A Certificate shall be duly endorsed or accompanied by a written instrument of transfer in a form satisfactory to the Certificate Registrar and the Administrator duly executed by the Holder hereof, or by an attorney for such Class A Certificate Holder duly authorized in writing, such signature to be guaranteed by an "eligible guarantor institution" meeting the requirements of the Administrator, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Administrator in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended. No service charge shall be made to a Class A Certificate Holder for any registration of transfer or exchange of this Class A Certificate, but the Certificate Registrar or the Administrator may require payment of a sum sufficient to cover any transfer tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Class A Certificates.

Subject to certain conditions in the Series Certificate Agreement, the obligations of Freddie Mac and the Administrator created by the Series Certificate Agreement shall terminate upon the occurrence of certain events set forth therein.

The recitals contained herein shall be taken as statements of Freddie Mac, and the Administrator assumes no responsibility for their accuracy.

[Signatures follow]

In Witness Whereof, Freddie Mac, as Administrator, has caused this Class A Certificate to be duly executed under its corporate seal and pursuant to the manual or facsimile signatures of Freddie Mac's duly authorized officers or agents.

Dated as of: _____ **FEDERAL HOME LOAN MORTGAGE CORPORATION**, as Administrator

Attest: _____ By:
Secretary Chief Executive Officer

Certificate of Authentication

This is the Class A Certificate, Series _____ referred to in the within-mentioned Series Certificate Agreement.

FEDERAL HOME LOAN MORTGAGE CORPORATION, as Administrator or Certificate Registrar

By:
Chief Executive Officer

Assignment

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto _____
(Name, Address and Taxpayer Identification Number of Assignee)

all its right, title and interest in and to the within Class A Certificate and hereby irrevocably constitutes and appoints _____ (Attorney) to register the transfer of the within Certificate on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____

Signature:_____

Notice: The signature on this assignment must correspond with the name as written upon the face of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed: _____

Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Administrator, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Administrator in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

[Form of Exercise Notice]

[Date of Notice]

[DTC Participant on behalf of [Class A Certificate Holder]]

Via Fax To:

Federal Home Loan Mortgage Corporation

[Remarketing Agent]

Exercise Notice

Re: Freddie Mac Multifamily Variable Rate Certificates, Series ____

CUSIP No.: _____
Initial Certificate Balance: _____
Current Certificate Balance of Tendered Class A Certificates in Authorized Denominations: _____

The Class A Certificate Holder (the "*Class A Certificate Holder*") of the Class A Certificates described above (the "*Tendered Class A Certificates*") pursuant to the Series Certificate Agreement dated as of September 1, 2010, by and between Federal Home Loan Mortgage Corporation, in its corporate capacity ("*Freddie Mac*") and Federal Home Loan Mortgage Corporation, in its capacity as Administrator (the "*Administrator*"), incorporating by reference the Standard Terms of the Series Certificate Agreement dated as of September 1, 2010, by and between Freddie Mac and the Administrator (collectively, the " *Series Certificate Agreement*"), and in accordance with Section 6.03 of the Series Certificate Agreement, hereby irrevocably exercises the Tender Option with respect to the Tendered Class A Certificates in Authorized Denominations, which Tendered Class A Certificates shall be delivered to the Administrator, by not later than 11:00 a.m. on the Purchase Date specified below (the "*Purchase Date*"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Series Certificate Agreement.

Purchase Date: _____, 20___.

DTC Participant

By:_____
Authorized Signatory

Tendered Certificates

The Class A Certificate Holder recognizes and acknowledges that this exercise of the Tender Option is irrevocable and that, therefore, from and after the timely delivery of this Exercise Notice to the Administrator, the Class A Certificate Holder shall have no further rights or interests in and to the Tendered Class A Certificate other than the right to receive payment of the Purchase Price[s] thereof, from moneys held by the Administrator for such purpose upon surrender of the Tendered Class A Certificate to the Administrator.

Please send all notices regarding the tenders of the Tendered Class A Certificate to the Class A Certificate Holder's address set forth below the signature hereon.

Dated:

Signature(s) of Class A Certificate Holder of

Tendered Certificate[s]

_____

_____

_____

Street City State

_____

Area Code Telephone Number

Signature Guaranteed

_____

Note: The above signature(s) must correspond with the name set forth on the face of the Tendered Class A Certificate[s] with respect to which this Exercise Notice is being delivered without any change whatsoever, and must bear a signature guaranteed by an "eligible guarantor institution" meeting the requirements of the Administrator, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Administrator in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended. The method of presenting this notice is at the risk of the person making such presentation.

EXHIBIT C

[FORM OF CLASS B CERTIFICATES]

This Class B Certificate (i) is subject to the security interest created by the Bond Exchange, Reimbursement, Pledge and Security Agreement dated as of September 1, 2010 (The "Reimbursement Agreement") between ATAX TEBS I, LLC and Federal Home Loan Mortgage Corporation, and (ii) is being held by and is registered in the name of the Pledge Custodian.

No transfer of Class B Certificates will be effective unless it is made in compliance with the provisions described herein, the Series Certificate Agreement and the Reimbursement Agreement. Unless a transfer of a Class B Certificate is made in accordance with the provisions herein, the purported transferor will continue to be deemed the Holder of such Class B Certificate.

Freddie Mac

Multifamily Variable Rate Certificates

Series M024

Class B Certificate

CUSIP No.: _____ Certificate No.: ___

Initial Certificate Balance of this
Class B Certificate (as of _____):$_____
Registered Owner: Federal Home Loan Mortgage Corporation, as Pledge Custodian,
on behalf of ATAX TEBS I, LLC, as beneficial owner

Date of Original Issue: _____

This Class B Certificate evidences an ownership interest in the Assets, including the related Bonds as specified in the Series Certificate Agreement as hereinafter defined, constituting the Series Pool related to the Freddie Mac Multifamily Variable Rate Certificates, Series M024. The Bonds are being held in the Series Pool by Federal Home Loan Mortgage Corporation, as Administrator (the *"Administrator"* and *"Certificate Registrar"*) pursuant to the terms of a Series Certificate Agreement dated as of September 1, 2010, by and between Federal Home Loan Mortgage Corporation, in its corporate capacity ("*Freddie Mac*") and in its capacity as Administrator, including and incorporating therein the Standard Terms of the Series Certificate Agreement dated as of September 1, 2010 (the *"Standard Terms"*), together with all other exhibits, schedules, appendices, supplements and amendments thereto between Freddie Mac and the Administrator (collectively, the *"Series Certificate Agreement"*). A summary of certain of the provisions of the Series Certificate Agreement is set forth below. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Series Certificate Agreement. This Class B Certificate is issued pursuant to and is subject to the terms, provisions and conditions of the Series Certificate Agreement to which Series Certificate Agreement the Holder of this Class B Certificate (*"Class B Certificate Holder"*) by virtue of the acceptance hereof assents and by which such Holder is bound. A copy of the Series Certificate Agreement is available for inspection at the Corporate Office of the Administrator.

In the event of any conflict between the terms of this Class B Certificate and the terms of the Series Certificate Agreement, the terms of the latter shall control.

All distributions of interest, principal and redemption premium, if any, will be made with respect to the Class B Certificates in accordance with the Series Certificate Agreement. Interest with respect to the Class B Certificates will be determined in accordance with the provisions of the Series Certificate Agreement. Moreover, the final distribution will be paid only upon surrender of this Class B Certificate to the Administrator. Payments with respect to the Class B Certificates are subordinate to payments to the Class A Certificates.

Pursuant to the Series Certificate Agreement, Class B Certificates are subject to redemption from time to time, in whole or in part, in the manner and under the circumstances set forth in the Series Certificate Agreement.

Subject to the restrictions and upon satisfaction of the conditions set forth in Section 2.06 of the Series Certificate Agreement (including the delivery of an Investor Letter), the transfer of this Class B Certificate shall be registered in the Certificate Register upon surrender of this Class B Certificate for registration of transfer at the office or agency maintained by the Certificate Registrar therefor pursuant to Section 2.05(a) of the Series Certificate Agreement, and such Class B Certificate shall be duly endorsed or accompanied by a written instrument of transfer in a form satisfactory to the Certificate Registrar and the Administrator duly executed by the Holder hereof, or by an attorney for such Class B Certificate Holder duly authorized in writing, such signature to be guaranteed by an "eligible guarantor institution" meeting the requirements of the Administrator, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Administrator in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended. No service charge shall be made to a Class B Certificate Holder for any registration of transfer or exchange of this Class B Certificate, but the Certificate Registrar or the Administrator may require payment of a sum sufficient to cover any transfer tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Class B Certificates.

Subject to certain conditions in the Series Certificate Agreement, the obligations of Freddie Mac and the Administrator created by the Series Certificate Agreement shall terminate upon the occurrence of certain events set forth therein.

The recitals contained herein shall be taken as statements of Freddie Mac, and the Administrator assumes no responsibility for their accuracy.

[Signatures follow]

In Witness Whereof, Freddie Mac, as Administrator, has caused this Class B Certificate to be duly executed under its corporate seal and pursuant to the manual or facsimile signatures of Freddie Mac's duly authorized officers or agents.

Dated as of: _____ **FEDERAL HOME LOAN MORTGAGE CORPORATION**, as Administrator

Attest: _____ By:
Secretary Chief Executive Officer

Certificate of Authentication

This is the Class B Certificate, Series _____ referred to in the within-mentioned Series Certificate Agreement.

FEDERAL HOME LOAN MORTGAGE CORPORATION, as Administrator or Certificate Registrar

By:
Chief Executive Officer

Assignment

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto_____
(Name, Address and Taxpayer Identification Number of Assignee) all its right, title and interest in and to the within Class B Certificate and hereby irrevocably constitutes and appoints _____ (Attorney) to register the transfer of the within Certificate on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____

Signature:_____

Notice: The signature on this assignment must correspond with the name as written upon the face of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed: _____

Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Administrator, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Administrator in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT D

[FORM OF CLASS B INVESTOR LETTER]

Freddie Mac
Multifamily Variable Rate Certificates
Series M024
Class B Certificates

The Sponsor
The Administrator
The Certificate Registrar
The Remarketing Agent
The Liquidity Provider

Ladies and Gentlemen:

This letter applies to privately offered Certificates designated as the Series of Class B Certificates described above ("*Class B Certificates"*) that are currently being offered or that may be offered in the future. We may from time to time offer to purchase, purchase, offer to sell and/or sell Class B Certificates, and we agree that this letter shall apply to all such purchases, acquisitions, sales and offers. Certain terms of the Class B Certificates are generally described in the Offering Circular and Offering Circular Supplement with respect to the related senior Class A Certificates (as the same may be amended or supplemented, collectively, the *"Offering Circular"*). Furthermore, although not described in detail in the Offering Circular, the Class B Certificates and all proceeds thereof are subject to the terms and provisions of the Bond Exchange, Reimbursement, Pledge and Security Agreement dated as of September 1, 2010 (the *"Reimbursement and Pledge Agreement"*) between ATAX TEBS I, LLC (*"Sponsor"*) and Federal Home Loan Mortgage Corporation (*"Freddie Mac"*). Undefined capitalized terms used herein shall generally have the meanings ascribed to such terms in the Offering Circular; however, the terminology used herein is intended to be general in its application and not to exclude any Class B Certificates in respect of which (in the Offering Circular or otherwise) alternative terminology is used.

1. In connection with its purchase of the Class B Certificates and intending to be bound by the terms hereof, the undersigned (the*"Purchaser"*) hereby represents, warrants and agrees for the benefit of the above addressees as follows:

A. On the date hereof, the Purchaser is purchasing a beneficial ownership interest in $_____ of Class B Certificates issued pursuant to the Series Certificate Agreement dated as of September 1, 2010, by and between Freddie Mac, in its corporate capacity and Freddie Mac in its capacity as Administrator (the *"Administrator"*), incorporating by reference the Standard Terms of the Series Certificate Agreement dated as of September 1, 2010 by and between Freddie Mac and the Administrator (the *"Standard Terms"* and, collectively with the Series Certificate Agreement, the *"Series Certificate Agreement"*). Prior to the purchase of any Class B Certificates, the Purchaser has reviewed the Series Certificate Agreement and the Offering Circular, and asked questions and received answers concerning the terms and conditions of the transactions contemplated by the Series Certificate Agreement and the Offering Circular and has requested and obtained additional information deemed necessary to verify the accuracy and completeness of any information furnished to the Purchaser or to which the Purchaser has access. The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of a purchase of the Class B Certificates. The Purchaser is an "accredited investor" within the meaning of Rule 501(a) of Regulation D or a "qualified institutional buyer" as defined in Rule 144A, both Rules promulgated under the Securities Act of 1933, as amended (the *"1933 Act"*).

B. The Purchaser (i) acknowledges that it will treat the Series Pool as a partnership for federal, state and local income tax purposes and that it intends and expects to be treated as a partner for such purposes and (ii) consents to all federal and other tax elections made on behalf of the Series Pool pursuant to the Series Certificate Agreement. The Purchaser acknowledges that no Person is authorized under Treas. Reg. Section 301.7701-3(c) or any applicable state or local law to have the Series Pool classified as a corporation for federal, state or local income tax purposes. The Purchaser consents to an election under Revenue Procedure 2003-84 (or any successor Revenue Procedure or other guidance issued by the Internal Revenue Service) to account for items of Series Pool tax-exempt income, taxable income (if any), gain, loss and deduction on the basis of a monthly closing of the books, and agrees to comply with the alternative reporting requirements prescribed by Revenue Procedure 2003-84, if such election is made by Freddie Mac.

C. The Purchaser's intention is to acquire the Class B Certificates for investment (a) for the Purchaser's own account and not as a nominee or agent or (b) for resale to "accredited investors" in transaction exempt from the registration requirements of the 1933 Act or for resale to "qualified institutional buyers" in transactions under Rule 144A promulgated under the 1933 Act (*"Rule 144A"*), and not with the view to, or for resale in connection with, any other distribution thereof (although it retains the right to resell, subject to the transfer restrictions set forth herein and in the Series Certificate Agreement and the Reimbursement and Pledge Agreement).

D. The Purchaser acknowledges that the Class B Certificates are being purchased pursuant to an exemption under the 1933 Act which depends upon, among other things, the bona fide nature of the Purchaser's investment intent (or intent to resell only in transactions exempt from the registration requirements of the 1933 Act) as expressed herein and may not be transferred unless an exemption from registration under the 1933 Act and any applicable state "Blue Sky" or securities laws is available. In addition, the Purchaser understands that the Class B Certificates have not been registered under the securities laws of any state. The Purchaser agrees to comply with applicable restrictions on the transfer of the Class B Certificates contained and referred to herein, the Series Certificate Agreement and the Reimbursement and Pledge Agreement.

E. The Purchaser is neither a "substantial user" nor a "related person" to a substantial user (within the meanings of Section 147(a) of the Internal Revenue Code of 1986, as amended and Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) of the property financed by a Bond held by the Series Pool or any Underlying Bond, as applicable.

F. The Purchaser has had adequate opportunity to consult with legal, tax and investment advisors of its own choosing concerning its investment, and the Purchaser is not relying upon legal, tax or investment advice from the Administrator, the Sponsor or Remarketing Agent or any of their respective professionals or agents (provided the Purchaser is entitled to rely on the opinions delivered on the Date of Original Issue to the extent and with respect to the matters provided therein). The Purchaser has relied on its own investigation of the Bonds, the Issuers of the Bonds, any underlying obligors, the security provided therefor, and acknowledges that no investigation has been made by the Administrator, the Sponsor or the Remarketing Agent in connection with (i) the offering of Certificates, (ii) the Bonds and (iii) the financial condition or creditworthiness of the Issuers or underlying obligors with respect to the Bonds.

G. The Purchaser acknowledges and agrees that its Class B Certificates, all payments thereon and all proceeds thereof are subject to the pledge in favor of Freddie Mac and the other terms and conditions contained in the Reimbursement and Pledge Agreement. The Purchaser agrees to each and every provision of the Reimbursement and Pledge Agreement, including without limitation (a) the assignment and pledge to the Pledge Custodian (initially Freddie Mac in such capacity) and grant to the Pledge Custodian, for the benefit of Freddie Mac, of a continuing first priority security interest in, and a lien on, all of such Purchaser's right, title and interest in and to the Class B Certificates purchased or otherwise acquired, all interest and other amounts payable thereon, all rights with respect thereto, and all proceeds of the foregoing as security for the obligations of the Sponsor to Freddie Mac under the Reimbursement and Pledge Agreement, regardless of the fact that that such Purchaser is not a party to such Reimbursement and Pledge Agreement, (b) the application of payments with respect to the Class B Certificates beneficially owned by the Purchaser to satisfy amounts owed to Freddie Mac under the Reimbursement and Pledge Agreement or to purchase Class A Certificates of another Series, (c) the appointment of the Pledge Custodian and powers of the Pledge Custodian to hold the Class B Certificates, and (d) that upon the occurrence of an Event of Default thereunder, Freddie Mac may, directly or through the Pledge Custodian, levy upon and liquidate by sale or otherwise the Class B Certificates beneficially owned by the Purchaser in satisfaction of amounts owed to Freddie Mac or take any other remedial action available to a secured party under the UCC. Moreover, the Purchaser acknowledges and agrees that (i) any Class B Certificates it has purchased or acquired are subject to the security interest created by the Reimbursement and Pledge Agreement and, as such, will be held by and registered in the name of the Pledge Custodian, (ii) any transfer by such Purchaser of any portion of its beneficial ownership interest in its Class B Certificates is subject to the terms and conditions of the Reimbursement and Pledge Agreement (in addition to being subject to the terms and conditions of the Series Certificate Agreement), including the prior delivery of an Investor Letter in the form hereof and (iii) the Pledge Custodian has no duty to ascertain the identity of any transferee of a beneficial ownership in this Class B Certificate, including the Purchaser, and is obligated to make payments with respect to the Class B Certificates only to the Sponsor or a single entity designated by the Sponsor.

H. The foregoing representations, warranties and agreements are made by the Purchaser with the intent that they may be relied upon in determining its qualification and suitability to purchase Class B Certificates, and the Purchaser hereby agrees that such representations, warranties and agreements shall survive its purchase thereof, and that if any such representations, warranties or agreements are no longer accurate, it shall promptly notify the Administrator, the Remarketing Agent and the Sponsor. The Purchaser hereby agrees to indemnify and hold harmless the Series Pool, the Sponsor, the Remarketing Agent, the Administrator and agents of each of them from and against any losses, claims, damages, liabilities, expenses (including attorneys' reasonable fees and disbursements), judgments and amounts paid in settlement resulting from the untruth of any of the warranties and representations contained herein or the breach by the Purchaser of any of the covenants made by it herein. Notwithstanding the foregoing, however, no representation, warranty, acknowledgment or agreement by the Purchaser made herein shall in any manner be deemed to constitute a waiver of any rights granted to it under Federal or state securities laws.

I. If this letter is signed by an investment adviser on behalf of one or more investment companies identified on **Appendix A** hereto (each a "Fund"), the investment adviser hereby represents and warrants that (i) each of the statements, agreements, covenants and representations and warranties herein are made on behalf of each such Fund and are true and correct, and (ii) the investment adviser is authorized to execute this letter on behalf of each Fund.

J. This letter shall apply to all Class B Certificates owned by the Purchaser.

K. The Purchaser represents and warrants that the signatory of this letter is authorized to execute and deliver this letter on behalf of such Purchaser, and acknowledges and agrees that the representations, warranties, agreements and acknowledgements set forth herein are legal, valid and binding, and enforceable against such Purchaser.

2. Any xerographic or other copy of this letter shall be deemed of equal effect as a signed original.

3. Information regarding the Purchaser's taxpayer identification number is listed on **Appendix A** attached hereto.

4. The Purchaser's telephone and facsimile numbers for purposes of receiving Electronic Notice under the Series Certificate Agreement are listed on **Appendix A** attached hereto.

5. Information regarding the Purchaser's Participant of The Depository Trust Company and its account number are listed on **Appendix A** attached hereto.

6. This letter supersedes any version of this letter delivered by us and dated earlier than the date hereof.

Date: _____

[Name of Purchaser]

By:
Name (Print):
Title:
Mailing Address of Purchaser:

Exhibit 10.29

LIMITED SUPPORT AGREEMENT

This Limited Support Agreement (this "Agreement") is entered into as of September 1, 2010, between **AMERICA FIRST TAX EXEMPT INVESTORS, L.P.** (the "Agreement Provider") and **FEDERAL HOME LOAN MORTGAGE CORPORATION** and/or any subsequent obligee under the Reimbursement Agreement hereinafter defined (the "Lender").

RECITALS

A. ATAX TEBS I, LLC (the "Sponsor"), an Affiliate of the Agreement Provider, was the owner of certain tax-exempt multifamily housing revenue bonds (the "Bonds" as specified in further detail in the Reimbursement Agreement referenced below), that it absolutely assigned and transferred to Lender, as Administrator pursuant to a Series Certificate Agreement with respect to the Bonds, dated as of the date hereof (together with the Standard Terms attached thereto, collectively, the "Series Certificate Agreement"). Pursuant to the Series Certificate Agreement, Lender has agreed to provide credit enhancement with respect to the Bonds and related Certificates issued thereunder and to provide liquidity support for the Class A Certificates issued thereunder.

B. The Lender has conditioned its credit enhancement and liquidity support upon the execution and delivery by the Sponsor of a Bond Exchange, Reimbursement, Pledge and Security Agreement dated as of the date hereof with the Lender (the "Reimbursement Agreement"), and the execution and delivery by the Agreement Provider of this Agreement.

NOW, THEREFORE, in order to induce Lender to provide credit enhancement and liquidity support, and in consideration of the Recitals, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agreement Provider and Lender hereby agree as follows:

1. "Obligations" and other capitalized terms used but not defined in this Agreement shall have the meanings assigned to them in the Reimbursement Agreement.

2. Agreement Provider hereby absolutely, unconditionally and irrevocably guarantees to Lender the full and prompt payment when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, and the full and prompt performance when due, of all of the following:

   (a) A portion of the Obligations equal to zero percent (0%) of the original principal balance of the Obligations (the "Base Support").

   (b) In addition to the Base Support, all other amounts for which Sponsor is personally liable under Section 9.11(b) of the Reimbursement Agreement.

   (c) The payment and performance of all of Sponsor's obligations under Section 2.4 and 5.1 of the Reimbursement Agreement.

   (d) All costs and expenses, including reasonable fees and out of pocket expenses of attorneys and expert witnesses, incurred by Lender in enforcing its rights under this Agreement.

For purposes of determining Agreement Provider's liability under this Agreement, all payments made by the Sponsor with respect to the Obligations and all amounts received by Lender from the enforcement of its rights under the Reimbursement Agreement shall be applied first to the portion of the Obligations for which neither the Sponsor nor the Agreement Provider has personal liability.

3. The obligations of Agreement Provider under this Agreement shall survive any foreclosure proceeding, any foreclosure sale and any release of record of the collateral securing the Reimbursement Agreement.

4. Agreement Provider's obligations under this Agreement constitute an unconditional guaranty of payment and performance and not merely a guaranty of collection.

5. The obligations of Agreement Provider under this Agreement shall be performed without demand by Lender and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability of the Reimbursement Agreement or any Sponsor Document, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Agreement Provider hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Agreement and agrees that Agreement Provider's obligations shall not be affected by any circumstances, whether or not referred to in this Agreement, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Agreement Provider hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor and any other rights of a surety, a guarantor, a borrower or a mortgagor thereunder. Without limiting the generality of the foregoing, Agreement Provider hereby waives, to the fullest extent permitted by law, diligence in collecting the Obligations, presentment, demand for payment, protest, all notices with respect to the Reimbursement Agreement and this Agreement which may be required by statute, rule of law or otherwise to preserve Lender's rights against Agreement Provider under this Agreement, including, but not limited to, notice of acceptance, notice of any amendment of the Sponsor Documents, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Sponsor of any obligation or indebtedness. Agreement Provider also waives, to the fullest extent permitted by law, all rights to require Lender to (a) proceed against Sponsor or any other guarantor of Sponsor's payment or performance with respect to the Obligations (an "Other Guarantor") (b) if Sponsor or any Other Guarantor is a partnership, proceed against any general partner of Sponsor or the Other Guarantor, or (c) proceed against or exhaust any collateral held by Lender to secure the repayment of the Obligations. Agreement Provider further waives, to the fullest extent permitted by applicable law, any right to revoke this Agreement as to any future advances by Lender under the Reimbursement Agreement to protect Lender's interest in the UCC Collateral securing the Reimbursement Agreement.

6. At any time or from time to time and any number of times, without notice to Agreement Provider and without affecting the liability of Agreement Provider, (a) the time for payment of the Obligations may be extended or the Obligations may be renewed in whole or in part; (b) the time for Sponsor's performance of or compliance with any covenant or agreement contained in the Reimbursement Agreement or any other Sponsor Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Obligations may be accelerated as provided in the Reimbursement Agreement or any other Sponsor Document; (d) the Reimbursement Agreement, and the security instrument or any other loan document evidencing or securing the obligations of Owners (as defined in the Reimbursement Agreement) may be modified or amended by Lender and Sponsor in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Obligations may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Obligations.

7. Lender, in its sole and absolute discretion, may (a) bring suit against Agreement Provider, or any one or more of the persons constituting Agreement Provider, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Agreement Provider for such consideration as Lender may deem proper; (c) release one or more of the persons constituting Agreement Provider, or any Other Guarantor, from liability; and (d) otherwise deal with Agreement Provider and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of Lender to collect from Agreement Provider any amount guaranteed by Agreement Provider under this Agreement. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Agreement Provider with respect to any Other Guarantor.

8. Any indebtedness of Sponsor held by Agreement Provider now or in the future is and shall be subordinated to the Obligations and any such indebtedness of Sponsor shall be collected, enforced and received by Agreement Provider, as trustee for Lender, but without reducing or affecting in any manner the liability of Agreement Provider under the other provisions of this Agreement.

9. Agreement Provider shall have no right of, and hereby waives any claim for, subrogation or reimbursement against Sponsor or any general member of Sponsor by reason of any payment by Agreement Provider under this Agreement, whether such right or claim arises at law or in equity or under any contract or statute, until the Obligations has been paid in full and there has expired the maximum possible period thereafter during which any payment made by Sponsor to Lender with respect to the Obligations could be deemed a preference under the United States Bankruptcy Code.

10. If any payment by Sponsor is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason Lender is required to refund any sums to Sponsor, such refund shall not constitute a release of any liability of Agreement Provider under this Agreement. It is the intention of Lender and Agreement Provider that Agreement Provider's obligations under this Agreement shall not be discharged except by Agreement Provider's performance of such obligations and then only to the extent of such performance.

11. Agreement Provider shall from time to time, upon request by Lender, deliver to Lender such financial statements as Lender may reasonably require but not more frequently than once each year. As a condition to Agreement Provider's delivery of its financial information, Lender agrees that such information is confidential information, shall not be used for any purpose other than evaluating compliance by the Agreement Provider with this Agreement, and shall be disclosed only to those employees, directors, officers and agents of Lender who need to know such information for purposes of performing or enforcing Lender's obligations and rights under this Agreement and who are advised of the need to maintain the confidentiality of such information. Lender shall not otherwise use or disclose Agreement Provider's financial information without Agreement Provider's prior written consent. The restrictions on use and disclosure set forth above shall not apply when and to the extent that the information received by Lender (a) is or becomes generally available to the public through no fault of Lender (or anyone acting on its behalf); (b) was previously known by Freddie Mac free of any obligation to keep it confidential; (c) is subsequently disclosed to Freddie Mac by a third party who may rightfully transfer and disclose such information without restriction and free of any obligation to keep it confidential; or (d) is required to be disclosed by Freddie Mac by applicable law.

12. Lender agrees that it may assign its rights under this Agreement in whole or in part solely in the event an "Event of Default" exists under the Reimbursement Agreement. Upon any such assignment pursuant to this Section 12, all the terms and provisions of this Agreement shall inure to the benefit of such assignee to the extent so assigned. Lender agrees to notify Agreement Provider of any such assignment. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors and assigns of such parties; and the term "Lender" shall include, in addition to Lender, any lawful owner, holder or pledgee of the Reimbursement Agreement. Reference herein to "person" or "persons" shall be deemed to include individuals and entities.

13. This Agreement and the other Sponsor Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between the parties. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and the other Sponsor Documents. Agreement Provider acknowledges that Agreement Provider has received copies of the Reimbursement Agreement and all other Sponsor Documents. Neither this Agreement nor any of its provisions may be waived, modified, amended, discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement.

14. This Agreement shall be construed, and the rights and obligations of Agreement Provider hereunder determined, in accordance with federal statutory or common law ("federal law"). Insofar as there may be no applicable rule or precedent under federal law and insofar as to do so would not frustrate the purposes of any provision of this Agreement, the local law of the State of New York shall be deemed reflective of federal law. The parties agree that any legal actions among the Agreement Provider and the Lender regarding each party hereunder shall be originated in the United States District Court in and for the Eastern District of Virginia, and the parties hereby consent to the exclusive jurisdiction and venue of said Court in connection with any action or proceeding initiated concerning this Agreement. Agreement Provider irrevocably consents to service, jurisdiction, and venue of such court for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

15. AGREEMENT PROVIDER AND LENDER EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS AGREEMENT PROVIDER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

16. As of the date of this Agreement, the Agreement Provider represents and warrants to the Lender that each Agreement Provider has (i) a Net Worth equal to at least $2,000,000 and (ii) Liquidity equal to at least $200,000. During the term of this Agreement, each Agreement Provider shall at all times maintain a Net Worth and Liquidity of no less than the foregoing. The following terms shall have the respective meanings set forth below for purposes of this Section 16:

    (a) "Liquidity" means, at any date, the Agreement Provider's unrestricted cash and cash equivalents.

    (b) "Net Worth" means, at any date, the Tangible Assets of a Person which (after deducting depreciation, obsolescence, amortization, and any valuation or other reserves on account of upward revaluation of assets and without reduction for any unamortized debt discount or expense) would be shown, in accordance with generally accepted accounting principles, on its balance sheet, minus liabilities (other than capital stock and surplus but including all reserves for contingencies and other potential liabilities) which would be shown, in accordance with generally accepted accounting principles, on such balance sheet.

    (c) "Person" means any individual, partnership, corporation, association, joint venture, trust (including any beneficiary thereof) or unincorporated organization, and a government or agency or political subdivision thereof.

    (d) "Tangible Assets" means total assets except: (i) that portion of deferred assets and prepaid expenses (other than prepaid insurance, prepaid rent and prepaid taxes) which do not mature or, in accordance with generally accepted accounting principles, are not amortizable within one year from the date of calculation, and (ii) trademarks, trade names, good will, and other similar intangibles.

17. During the term of the Reimbursement Agreement, the Agreement Provider agrees (a) to maintain its existence as a limited partnership under the laws of the State of Delaware, (b) that it will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into any Person or permit any Person to consolidate with or merge into it and (c) that it will make subordinate loans to Owners solely in accordance with Section 3.25 of the Reimbursement Agreement.

18. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

[Signatures follow]

IN WITNESS WHEREOF, Agreement Provider and Lender have signed and delivered this Agreement or have caused this Agreement to be signed by their duly authorized representatives.

AMERICA FIRST TAX EXEMPT INVESTORS, L.P.

By: AMERICA FIRST CAPITAL ASSOCIATES LIMITED PARTNERSHIP TWO, a Delaware limited partnership
Its: General Partner

By: THE BURLINGTON CAPITAL GROUP LLC, a Delaware limited liability company
Its: General Partner

By: /s/ Michael J. Draper
Michael J. Draper
Chief Financial Officer

[Signature Page to America First TEBS limited support agreement]

LENDER:

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: /s/ Clayton A. Davis
Clayton A. Davis
Director, Multifamily Structured and
Affordable Executions

[Signature Page to America First TEBS limited support agreement]

Exhibit 21

Subsidiaries of America First Multifamily Investors, L.P.

Name	Jurisdiction of Organization
Greens of Pine Glen - AmFirst LP Holding Corporation	Delaware
ATAX TEBS I, LLC	Delaware
ATAX TEBS II, LLC	Delaware
ATAX TEBS III, LLC	Delaware
ATAX TEBS IV, LLC	Delaware
ATAX Capital Fund I, LLC	Delaware
MBS Fund I, LLC	Delaware
ATAX Vantage Holdings, LLC	Delaware
500 Jimmy Ann Drive, LLC	Nebraska

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-214656) and Registration Statement on Form S-8 (No. 333-209811) of America First Multifamily Investors, L.P. of our report dated February 28, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 28, 2019

Exhibit 24.1

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 31st day of January, 2019.

/s/ Michael Yanney
Michael Yanney

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as her agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 23rd day of January, 2019.

/s/ Lisa Yanney Roskens
Lisa Yanney Roskens

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 23rd day of January, 2019.

/s/ William S. Carter, M.D.
William S. Carter, M.D.

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 31st day of January, 2019.

/s/ Walter K. Griffith
Walter K. Griffith

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 28th day of January, 2019.

/s/ Patrick J. Jung
Patrick J. Jung

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 29th day of January, 2019

/s/ Michael O. Johanns
Michael O. Johanns

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as his agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 29th day of January, 2019.

/s/ George H. Krauss
George H. Krauss

POWER OF ATTORNEY

The undersigned hereby appoints Craig S. Allen as her agent and attorney-in-fact for the purpose of executing and filing all reports on Form 10-K, including any amendments or supplements thereto, relating to the year ending December 31, 2018, required to be filed with the Securities and Exchange Commission by America First Multifamily Investors, L.P.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 31st day of January, 2019.

/s/ Gail Walling Yanney
Gail Walling Yanney

Exhibit 31.1

Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Chad L. Daffer, certify that:

1. I have reviewed this Annual Report on Form 10-K of America First Multifamily Investors, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-l5(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

By /s/ Chad L. Daffer
Chad L. Daffer
Chief Executive Officer

America First Multifamily Investors, L.P.

Exhibit 31.2

Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Craig S. Allen, certify that:

1. I have reviewed this Annual Report on Form 10-K of America First Multifamily Investors, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules l3a-l5(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

By /s/ Craig S. Allen
Craig S. Allen
Chief Financial Officer

America First Multifamily Investors, L.P.

Exhibit 32.1

Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Chad L. Daffer, Chief Executive Officer of America First Multifamily Investors, L.P. (the "Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Partnership for the year ended December 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 28, 2019

/s/ Chad L Daffer
Chad L. Daffer
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to America First Multifamily investors, L.P. and will be retained by America First Multifamily Investors, L.P and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Craig S. Allen, Chief Financial Officer of America First Multifamily Investors, L.P. (the "Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Partnership for the year ended December 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 28, 2019

/s/ Craig S. Allen
Craig S. Allen
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to America First Multifamily Investors, L.P. and will be retained by America First Multifamily Investors, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.