

NEW ISSUE - BOOK ENTRY ONLY

Bond Ratings:
Fitch: A
Moody's: A1
See "RATINGS" herein.

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2012 Bonds (A) is excluded from gross income for federal income tax purposes, except interest on any Series 2012B Bond for any period during which it is held by a "substantial user" or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, and (B) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Series 2012 Bonds and the interest thereon are exempt from District taxation, except estate, inheritance and gift taxes. Interest on the Series 2012 Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$39,585,000
DISTRICT OF COLUMBIA
(Washington, D.C.)



\$22,395,000
Deed Tax Revenue Bonds
Series 2012A

\$17,190,000
Deed Tax Revenue Bonds
Series 2012B

Dated: Date of Delivery

Due: As shown on the inside cover

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement and investors must read the entire Official Statement (including the "RISK FACTORS" section) to obtain the information essential to the making of an informed investment decision. Capitalized terms used herein (including on this cover) that are not otherwise defined have the meanings given such terms in APPENDIX B.

The District of Columbia (the "District") is issuing its: (i) Deed Tax Revenue Bonds, Series 2012A (the "Series 2012A Bonds") and (ii) Deed Tax Revenue Bonds, Series 2012B (the "Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Series 2012 Bonds"). The Series 2012 Bonds are being issued as Additional Bonds pursuant to (i) the Amended and Restated Indenture of Trust dated as of August 1, 2010 (the "Amended Indenture"); and (ii) the Second Supplemental Indenture of Trust dated as of December 1, 2012 (the "Second Supplemental Indenture" and together with the Amended Indenture and the First Supplemental Indenture of Trust dated as of August 1, 2010, the "Indenture"), each by and between the District and The Bank of New York Mellon, f/k/a The Bank of New York, as trustee (the "Trustee").

The Series 2012 Bonds are being issued to (i) provide funds to assist in the financing, refinancing, or reimbursing the costs of undertakings by the District to accomplish the purposes of the New Communities Initiative, including the New Communities Projects, (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay certain Costs of Issuance of the Series 2012 Bonds.

The Series 2012 Bonds, the Series 2010 Bonds (currently outstanding in the aggregate principal amount of \$51,615,000), the Series 2007A Bonds (currently outstanding in the aggregate principal amount of \$31,190,000), and any Additional Bonds issued under the terms of the Amended Indenture (collectively, the "Bonds"), are payable from and are secured by a pledge of the Trust Estate, which includes the Pledged Revenues. Pledged Revenues means the amounts of the Allocated Fund that are received by the Trustee and any other moneys transferred by the District to the Trustee and deposited in the Revenue Fund held by the Trustee under the terms of the Indenture. The Allocated Fund is the segregated sub-account of the Housing Production Trust Fund established by the Housing Production Trust Fund Act of 1988 (D.C. Law 7-202; D.C. Official Code § 42-2801 *et seq.*), as amended (the "HPTF Act"), that collects and holds the following deposits received each Fiscal Year: (i) 15% of the Real Property Transfer Tax imposed by D.C. Official Code § 47-903 and (ii) 15% of the Deed Recordation Tax imposed by D.C. Official Code § 42-1103.

The Series 2012 Bonds will be issued in authorized denominations of \$5,000 and integral multiples thereof, and will bear interest at the rates set forth on the inside cover hereof, payable semi-annually on June 1 and December 1, commencing June 1, 2013.

The Series 2012 Bonds are subject to optional and mandatory redemption prior to maturity, as described herein.

The Bonds are special obligations of the District. The Bonds are without recourse to the District, are not a pledge of, and do not involve the faith and credit or the taxing power of the District (other than Real Property Transfer Taxes and Deed Recordation Taxes allocated to the Allocated Fund and deposited with the Trustee). The Bonds shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings as prohibited by the Home Rule Act. The Bonds are payable from and are secured by a pledge of the Trust Estate, all of which shall, except as may be otherwise expressly authorized in the Indenture, be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS" herein.

The Series 2012 Bonds are offered when, as and if issued by the District, subject to receipt of the approving legal opinion of Squire Sanders (US) LLP, Washington, D.C., Bond Counsel to the District. The Office of the Attorney General for the District of Columbia will deliver an opinion as to certain legal matters pertaining to the District. Edwards Wildman Palmer LLP, Washington, D.C., Disclosure Counsel to the District, will deliver an opinion regarding certain matters to the District and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Bryant Miller Olive P.C., Washington, D.C., and Graves, Horton, Askew & Johns, LLC, Washington, D.C. Orrick, Herrington & Sutcliffe LLP is serving as special transaction counsel to the District. It is anticipated that the Series 2012 Bonds will be available for delivery in book-entry form through the facilities of DTC in New York, New York on or about December 6, 2012.

M.R. Beal & Company
Jefferies

Rice Financial Products Company
Morgan Stanley

\$39,585,000
DISTRICT OF COLUMBIA
(Washington, D.C.)

\$22,395,000
Deed Tax Revenue Bonds
Series 2012A

\$12,020,000 Series 2012A Serial Bonds

<u>Year (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>	<u>Year (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2013	\$200,000	3.000%	0.570%	101.177	25483VKU7	2023	\$615,000	5.000%	2.520%*	120.808*	25483VLE2
2014	420,000	3.000	0.820	103.213	25483VKV5	2024	650,000	4.000	2.750*	110.374*	25483VLF9
2015	435,000	4.000	1.070	107.169	25483VKW3	2025	675,000	4.000	2.920*	108.891*	25483VLG7
2016	450,000	4.000	1.250	109.352	25483VKX1	2026	700,000	4.000	3.020*	108.030*	25483VLH5
2017	470,000	4.000	1.460	110.990	25483VKY9	2027	730,000	3.000	3.110	98.724	25483VLJ1
2018	490,000	4.000	1.600	112.557	25483VKZ6	2028	750,000	3.000	3.150	98.172	25483VLK8
2019	510,000	5.000	1.780	119.642	25483VLA0	2029	775,000	3.100	3.220	98.473	25483VLL6
2020	535,000	5.000	2.000	120.761	25483VLB8	2030	795,000	3.125	3.270	98.080	25483VLM4
2021	560,000	5.000	2.220	121.394	25483VLC6	2031	820,000	3.200	3.330	98.215	25483VLN2
2022	590,000	5.000	2.400	121.940	25483VLD4	2032	850,000	3.250	3.370	98.295	25483VLP7

\$4,710,000 3.600% Series 2012A Term Bonds due June 1, 2037, Yield 3.700%, Price 98.398, CUSIP[†] 25483VLQ5
\$5,665,000 4.000% Series 2012A Term Bonds due June 1, 2042, Yield 3.700%*, Price 102.381*, CUSIP[†] 25483VLR3

* Yield and price calculated to first optional call date of June 1, 2022.

\$17,190,000
Deed Tax Revenue Bonds
Series 2012B

\$9,225,000 Series 2012B Serial Bonds

<u>Year (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>	<u>Year (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2013	\$155,000	3.000%	0.570%	101.177	25483VLS1	2023	\$475,000	5.000%	2.520%*	120.808*	25483VMC5
2014	325,000	3.000	0.820	103.213	25483VLT9	2024	500,000	4.000	2.750*	110.374*	25483VMD3
2015	335,000	4.000	1.070	107.169	25483VLU6	2025	515,000	4.000	2.920*	108.891*	25483VME1
2016	345,000	4.000	1.250	109.352	25483VLV4	2026	540,000	4.000	3.020*	108.030*	25483VMF8
2017	360,000	4.000	1.460	110.990	25483VLW2	2027	560,000	3.000	3.110	98.724	25483VMG6
2018	375,000	4.000	1.600	112.557	25483VLX0	2028	575,000	3.000	3.150	98.172	25483VMH4
2019	390,000	5.000	1.780	119.642	25483VLY8	2029	595,000	3.100	3.220	98.473	25483VMJ0
2020	410,000	5.000	2.000	120.761	25483VLZ5	2030	610,000	3.125	3.270	98.080	25483VMK7
2021	430,000	5.000	2.220	121.394	25483VMA9	2031	630,000	3.200	3.330	98.215	25483VML5
2022	450,000	5.000	2.400	121.940	25483VMB7	2032	650,000	3.250	3.370	98.295	25483VMM3

\$3,615,000 3.600% Series 2012B Term Bonds due June 1, 2037, Yield 3.700%, Price 98.398, CUSIP[†] 25483VMN1
\$4,350,000 4.000% Series 2012B Term Bonds due June 1, 2042, Yield 3.700%*, Price 102.381*, CUSIP[†] 25483VMP6

* Yield and price calculated to first optional call date of June 1, 2022.

[†] Copyright 2003, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2012 Bonds and the District makes no representation with respect to such numbers and undertakes no responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2012 Bonds.

DISTRICT OF COLUMBIA

Vincent C. Gray
Mayor

EXECUTIVE OFFICERS

Allen Y. Lew	City Administrator
Jennifer Leonard	Interim Deputy Mayor for Education
Victor L. Hoskins	Deputy Mayor for Planning and Economic Development
Beatriz Otero	Deputy Mayor for Health and Human Services
Paul Quander	Deputy Mayor for Public Safety and Justice
Irvin B. Nathan	Attorney General
Natwar M. Gandhi	Chief Financial Officer
Jeffrey Barnette	Deputy Chief Financial Officer and Treasurer
Fitzroy A. Lee	Deputy Chief Financial Officer for Revenue Analysis
Stephen M. Cordi	Deputy Chief Financial Officer for Tax and Revenue
Anthony Pompa	Deputy Chief Financial Officer for Financial Operations and Systems
Gordon McDonald	Deputy Chief Financial Officer for Budget and Planning

COUNCIL OF THE DISTRICT OF COLUMBIA

Phil Mendelson, Chairman

David A. Catania	At Large	Muriel Bowser	Ward 4
Michael A. Brown (Chair Pro Tempore)	At Large	Kenyan R. McDuffie	Ward 5
Vincent B. Orange, Sr.	At Large	Tommy Wells	Ward 6
Jim Graham	Ward 1	Yvette M. Alexander	Ward 7
Jack Evans	Ward 2	Marion Barry, Jr.	Ward 8
Mary M. Cheh	Ward 3		

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No dealer, broker, salesperson or other person has been authorized by the District of Columbia (the "District") to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the District and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2012 Bonds is made only by means of this entire Official Statement.

The statements contained in this Official Statement and appendices hereto and in any other information provided by the District and other parties to the transactions described herein that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2012 Bonds.

In connection with the offering of the Series 2012 Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Series 2012 Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE

FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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Summary

The following summary is subject in all respects to more complete information contained elsewhere in this Official Statement. Capitalized terms used herein and not otherwise defined have the meanings given such terms in APPENDIX B.

Issuer:	District of Columbia
Issue:	\$22,395,000 Deed Tax Revenue Bonds, Series 2012A \$17,190,000 Deed Tax Revenue Bonds, Series 2012B
Dated Date:	Date of delivery
Denominations:	\$5,000 and integral multiples thereof
Interest:	The Series 2012 Bonds will bear interest at the rates set forth on the inside cover page hereof payable on each June 1 and December 1, commencing June 1, 2013.
Redemption:	The Series 2012 Bonds are subject to optional and mandatory redemption prior to maturity as described under “THE SERIES 2012 BONDS - Redemption Provisions” herein.
Security:	The Indenture pledges the Trust Estate to the Trustee as security for the payment of the Bonds, which includes the Series 2007A Bonds, the Series 2010 Bonds, the Series 2012 Bonds and any Additional Bonds issued under the Amended Indenture. The Trust Estate includes all right, title and interest of the District in and to the Pledged Revenues.

“Pledged Revenues” are a portion of the aggregate Deed Taxes (as defined below), being those amounts of the Allocated Fund (as defined below) that are received by the Trustee and any other moneys transferred by the District to the Trustee and deposited in the Revenue Fund held by the Trustee under the terms of the Indenture.

The “Allocated Fund” is the segregated sub-account of the Housing Production Trust Fund established by the HPTF Act that collects and holds the Allocated Fund Deposits received each Fiscal Year.

“Allocated Fund Deposit” means the amount deposited each year in the HPTF Fund pursuant to §42.2802(c) of the HPTF Act and any modifications and amendments to such sections of the HPTF Act. The Allocated Fund Deposits are (i) 15% of the Real Property Transfer Tax (defined below) and (ii) 15% of the Deed Recordation Tax (defined below). The HPTF Act provides that such percentages are subject to reduction if necessary to balance the District’s budget. The District has covenanted in the Indenture that if it is necessary to reduce the percentages in order to balance the budget, such percentages shall not be less than 15% in any Fiscal Year unless and until the District has deposited into the Allocated Fund (i) an amount sufficient to pay Aggregate Debt Service for such Fiscal Year and the next ensuing Fiscal Year (see “Flow of Funds” below), and

(ii) the amount, if any, needed to replenish the Debt Service Reserve Account to the Debt Service Reserve Account Requirement.

The “Real Property Transfer Tax” is a tax imposed by D.C. Official Code § 47-903 of 1.45% of the consideration paid for each transfer of either residential or commercial property at the time a deed is submitted for recordation (except for residential properties transferred for a consideration less than \$400,000, for which the tax rate is 1.10%). “Transfer” is defined as a “process whereby any real property in the District, or any interest therein is conveyed, vested, granted, bargained, sold, transferred, or assigned from 1 person to another.” (D.C. Official Code, § 47-901(9)).

The “Deed Recordation Tax” is a tax imposed by D.C. Official Code § 42-1103 at the time (1) a deed for residential or commercial property is recorded or (2) a deed of trust (equivalent to a mortgage in other jurisdictions) on a commercial property is recorded, including (a) a construction loan deed of trust, (b) a permanent loan deed of trust (based on any increase in value above the construction loan deed of trust) or (c) a refinancing of a commercial property loan, as described in more detail under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS” herein.

The Real Property Transfer Tax and the Deed Recordation Tax are sometimes collectively referred to herein as the “Deed Taxes.”

Flow of Funds:

Transfer of Funds from Allocated Fund to Revenue Fund. Commencing on October 1 of each Fiscal Year and on the first Business Day of each month thereafter until 100% of the amounts set forth in FIRST through FIFTH below are on deposit therein, all Allocated Fund Deposits received by the District shall be transferred from the Allocated Fund to the Trustee, together with any other moneys transferred by the District to the Trustee, for deposit into the Revenue Fund.

Use of Moneys in Revenue Fund. The Trustee shall apply moneys on deposit in the Revenue Fund on a monthly basis in the following priority:

FIRST: An amount equal to the interest due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Interest Account equal interest due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

SECOND: An amount equal to the principal due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Principal Account or the Sinking Fund Payments Account equal principal due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

THIRD: An amount necessary to restore the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Account Requirement shall be transferred into the Debt Service Reserve Account;

FOURTH: An amount equal to the Bond Program Expenses Account Requirement shall be transferred to the Bond Program Expenses Account of the Debt Service Fund to make any payments due and payable thereunder; and

FIFTH: To the Optional Redemption Account of the Redemption Fund the amount, if any, required or directed by an Authorized Delegate to be applied to the redemption of Bonds.

Use of Moneys in Accumulation Account. Unless otherwise set forth in a Supplemental Indenture, sixty (60) days prior to (A) December 1, moneys on deposit in the Accumulation Account required for payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, and (B) June 1, moneys on deposit in the Accumulation Account (1) first, required for the payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, (2) second, required for payment of principal on the Bonds (other than any Sinking Fund Installment) shall be transferred from the Accumulation Account to the Principal Account, and (3) third, required to satisfy the principal of any Sinking Fund Installment on the Bonds shall be deposited in the Sinking Fund Payment Account.

On the Closing Date, the District will deposit \$1,091,519.71 of its available funds into the Revenue Fund. Following such deposit, all amounts required to pay interest on and principal of the Bonds to and including June 1, 2013 will be on deposit with the Trustee.

Limited Obligation: The Bonds are special obligations of the District. The Bonds are without recourse to the District, are not a pledge of, and do not involve the faith and credit or the taxing power of the District (other than Real Property Transfer Taxes and Deed Recordation Taxes allocated to the Allocated Fund and deposited with the Trustee). The Bonds shall not constitute a debt of the District, and shall not constitute the lending of the public credit for private undertakings as prohibited by the Home Rule Act. The Bonds are payable from and are secured by a pledge of the Trust Estate, all of which shall, except as may be otherwise expressly authorized in the Indenture, be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds.

Additional Bonds: The Series 2012 Bonds are being issued as Additional Bonds under the Indenture.

The District has continuing authority under the Authorizing Actions to issue Additional Bonds, so long as the aggregate annual debt service on all Bonds Outstanding, including the Series 2007A Bonds, the Series 2010 Bonds and the Series 2012 Bonds, does not exceed \$16 million. In addition, pursuant to any new authority that may be obtained under the Home Rule Act, the District could issue Additional Bonds that would result in aggregate annual debt service exceeding \$16 million. Any such additional issuance must comply with the requirements of the Indenture described in the paragraph below.

The Indenture permits the issuance of Additional Bonds on a parity with the Series 2007A Bonds, the Series 2010 Bonds and the Series 2012 Bonds. One of the conditions precedent to an issuance of Additional Bonds is that the Trustee receive a report of an independent feasibility consultant or a certification from an Authorized CFO Delegate evidencing that the lesser of (i) the amount of the Allocated Fund Deposit for the prior Fiscal Year or (ii) the average amount of the Allocated Fund Deposit for the past three (3) Fiscal Years is equal to at least 1.50 times the maximum annual debt service for any Fiscal Year on all then Outstanding Bonds plus projected debt service on the proposed Additional Bonds. See “THE SERIES 2012 BONDS - Additional Bonds” herein. Additional Bonds may be issued to finance the New Communities Initiative.

Project: The District will use a portion of the proceeds of the Series 2012 Bonds to finance a portion of the New Communities Projects, which are part of the New Communities Initiative. See “NEW COMMUNITIES PROJECTS” herein.

Ratings: Fitch and Moody’s have assigned ratings of “A” and “A1” respectively, to the Series 2012 Bonds. See “RATINGS” herein.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUTHORIZATION	1
USE OF PROCEEDS	2
MISCELLANEOUS	2
INVESTOR RELATIONS	2
THE SERIES 2012 BONDS	3
DESCRIPTION OF THE SERIES 2012 BONDS	3
BOOK-ENTRY ONLY SYSTEM	3
REDEMPTION PROVISIONS	3
ADDITIONAL BONDS	7
REFUNDING BONDS	7
STATUTORY DEBT LIMITATIONS	8
SOURCES AND USES OF SERIES 2012 BOND PROCEEDS	9
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS	10
LIMITED OBLIGATIONS	10
SECURITY FOR THE SERIES 2012 BONDS	10
FLOW OF FUNDS	17
DEBT SERVICE RESERVE FUND	20
DEBT SERVICE TABLE	21
THE NEW COMMUNITIES PROJECTS	22
GENERAL	22
SERIES 2012A BONDS PROJECTS	22
SERIES 2012B BONDS PROJECTS	22
RISK FACTORS	23
GENERAL	24
LIMITED OBLIGATIONS	24
COLLECTION OF DEED TAXES	24
TAX RATES	24
CAP ON TRANSFER	25
NO ACCELERATION OR EARLY REDEMPTION UPON LOSS OF TAX EXEMPTION	25
ENFORCEABILITY OF REMEDIES	25
LIMITED SECONDARY MARKET	26
LITIGATION	26
TAX MATTERS	26
FINANCIAL ADVISORS	29
LEGAL INVESTMENT IN DISTRICT OBLIGATIONS	29
LEGAL MATTERS	29
CONTINUING DISCLOSURE	30
RATINGS	30
UNDERWRITING	31

APPENDIX A - THE DISTRICT

APPENDIX B - DEFINITIONS OF CERTAIN TERMS

APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D - FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX E - BOOK-ENTRY-ONLY SYSTEM PROCEDURES

APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT

**Official Statement
of the
DISTRICT OF COLUMBIA
(Washington, D.C.)**

relating to

\$22,395,000	\$17,190,000
Deed Tax Revenue Bonds Series 2012A	Deed Tax Revenue Bonds Series 2012B

INTRODUCTION

The District of Columbia (the “District”) has prepared this Official Statement in connection with the issuance and sale of its: (i) Deed Tax Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and (ii) Deed Tax Revenue Bonds, Series 2012B (the “Series 2012B Bonds” and, together with the Series 2012A Bonds, the “Series 2012 Bonds”).

The Series 2012 Bonds, the District’s Deed Tax Revenue Bonds, Series 2010A (the “Series 2010A Bonds”), Deed Tax Revenue Bonds, Series 2010B (the “Series 2010B Bonds”), Taxable Deed Tax Revenue Bonds, Series 2010C (the “Series 2010C Bonds” and together with the Series 2010A Bonds and the Series 2010B Bonds, the “Series 2010 Bonds”), Deed Tax Revenue Bonds (Housing Production Trust Fund - New Communities Project), Series 2007A (the “Series 2007A Bonds”) and any Additional Bonds issued from time to time under the Indenture are collectively referred to herein as the “Bonds.”

References herein to the “District” refer to the District of Columbia as a municipal corporation and references to the “District of Columbia” refer to the District of Columbia as a geographical location.

The Series 2012 Bonds are subject to certain risks, and potential purchasers of the Series 2012 Bonds should consider carefully the risk factors summarized herein under “RISK FACTORS.”

Authorization

The issuance of the Series 2012 Bonds is authorized pursuant to the (i) Housing Production Trust Fund Act of 1988 (D.C. Law 7-202; D.C. Official Code § 42-2801 *et seq.*), as amended (the “HPTF Act”), and (ii) Northwest One/Sursum Corda Cooperative Approval Resolution of 2006, D.C. Resolution No. 16-654, adopted by the Council of the District of Columbia on June 6, 2006, and the New Communities Initiative Bond Issuance Approval Resolution of 2008, D.C. Resolution No. 17-873, adopted by the Council of the District of Columbia on December 2, 2008 (collectively, the “Approval Resolution”). The HPTF Act authorizes the issuance of revenue bonds “to assist in financing, refinancing, or reimbursing costs of undertakings by the District to accomplish the purposes of the New Communities Initiative.” The HPTF Act defines the “New Communities Initiative” as “a large scale and comprehensive plan, submitted by the Mayor to the Council for approval, that provides housing infrastructure with a special focus on public housing, provides critical social support services, decreases the concentration of poverty and crime, enhances access to education, and provides training and employment education to neighborhoods where crime, unemployment, and truancy converge to create intractable physical and social conditions.”

The Series 2012 Bonds will be issued as Additional Bonds in the aggregate principal amount of \$39,585,000 under (i) the Amended and Restated Indenture of Trust dated as of August 1, 2010 (the

“Amended Indenture”); and (ii) the Second Supplemental Indenture of Trust dated as of December 1, 2012 (the “Second Supplemental Indenture” and, together with the Amended Indenture and the First Supplemental Indenture of Trust dated as of August 1, 2010, the “Indenture”), each by and between the District and The Bank of New York Mellon, f/k/a The Bank of New York, as trustee (the “Trustee”).

Use of Proceeds

The proceeds of the Series 2012 Bonds will be used to (i) provide funds to assist in the financing, refinancing, or reimbursing the costs of undertakings by the District to accomplish the purposes of the New Communities Initiative, including the New Communities Projects, (ii) fund a deposit to the Debt Service Reserve Fund, and (iii) pay certain Costs of Issuance of the Series 2012 Bonds. See “NEW COMMUNITIES PROJECTS” herein.

Miscellaneous

Brief descriptions of the Series 2012 Bonds, the security for the Series 2012 Bonds, and the New Communities Projects are included in this Official Statement, together with summaries of the Indenture and other agreements. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2012 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, copies of all of which are available for inspection in the designated office of the Trustee.

Unless otherwise defined, capitalized terms used herein are defined in APPENDIX B.

Investor Relations

Investor information may be requested in writing from the Treasurer, Office of Finance and Treasury, 1101 Fourth Street, S.W., Suite 850, Washington, DC 20024, by phone at (202) 727-6055, by e-mail at dcinvestorrelations@dc.gov, or by fax at (202) 727-6963.

THE SERIES 2012 BONDS

Description of the Series 2012 Bonds

The Series 2012 Bonds are the fifth and sixth series of Bonds issued under the Indenture. The principal amount of Bonds Outstanding prior to the issuance of the Series 2012 Bonds (including the Series 2007A Bonds and the Series 2010 Bonds) is \$82,805,000. Additional Series of Bonds may be issued in the future on a parity with the District's Series 2007A Bonds, Series 2010 Bonds and the Series 2012 Bonds. See "- Additional Bonds" below.

The Series 2012 Bonds will be dated the date of their delivery. The Series 2012 Bonds will bear interest at the rates per annum and mature as set forth on the inside cover of this Official Statement, payable each June 1 and December 1, beginning June 1, 2013 (each, an "Interest Payment Date").

The Series 2012 Bonds will bear interest from and including the date of delivery, computed on the basis of a 360-day year of twelve 30-day months.

Interest on the Series 2012 Bonds shall be paid to the Owners of the Series 2012 Bonds in whose names the Series 2012 Bonds are registered at the close of business on the applicable Record Date, by check mailed to such Owners at their addresses as they then appear on the registration books kept by the Registrar or at such other address as is furnished to the Paying Agent in writing by any such Owner, except that payment of interest to any Bond Depository shall be by wire transfer of same-day funds to the United States bank account directed by such Bond Depository or other similar arrangement acceptable to such Bond Depository.

If any payment of the principal of, premium, if any, or interest on, the Series 2012 Bonds is due on a Bond Payment Date that is not a Business Day, such payment will be made on the next succeeding Business Day, and no interest will accrue on the amount of such payment during the intervening period.

Book-Entry Only System

The Series 2012 Bonds will be issued as fully registered Series 2012 Bonds, registered in the name of Cede & Co., as registered Owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Series 2012 Bonds will be available in book-entry only form. Purchasers of beneficial ownership interests in the Series 2012 Bonds will not receive certificates representing their interests in the Series 2012 Bonds purchased. See APPENDIX E - "BOOK-ENTRY-ONLY SYSTEM PROCEDURES."

Principal of and interest on the Series 2012 Bonds are payable, so long as the Series 2012 Bonds are in book-entry form, through a securities depository as described in APPENDIX E.

Redemption Provisions

The Series 2012 Bonds may be called for redemption prior to maturity by the District as described below.

Optional Redemption. The Series 2012 Bonds maturing on or after June 1, 2023 shall be subject to optional redemption by the District, in whole or in part, at any time on and after June 1, 2022 at a Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2012A Bonds maturing on June 1, 2037, shall be redeemed in part, prior to their scheduled maturity, on June 1 of the years and in the principal amounts shown below, by lot, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, from moneys deposited into the Sinking Fund Payments Account of the Debt Service Fund in accordance with the Indenture:

Year (June 1)	Principal Amount
2033	\$875,000
2034	910,000
2035	940,000
2036	975,000
2037*	1,010,000

* Final maturity.

The Series 2012A Bonds maturing on June 1, 2042, shall be redeemed in part, prior to their scheduled maturity, on June 1 of the years and in the principal amounts shown below, by lot, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, from moneys deposited into the Sinking Fund Payments Account of the Debt Service Fund in accordance with the Indenture:

Year (June 1)	Principal Amount
2038	\$1,045,000
2039	1,090,000
2040	1,130,000
2041	1,175,000
2042*	1,225,000

* Final maturity.

The Series 2012B Bonds maturing on June 1, 2037, shall be redeemed in part, prior to their scheduled maturity, on June 1 of the years and in the principal amounts shown below, by lot, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, from moneys deposited into the Sinking Fund Payments Account of the Debt Service Fund in accordance with the Indenture:

Year (June 1)	Principal Amount
2033	\$675,000
2034	695,000
2035	720,000
2036	750,000
2037*	775,000

* Final maturity.

The Series 2012B Bonds maturing on June 1, 2042, shall be redeemed in part, prior to their scheduled maturity, on June 1 of the years and in the principal amounts shown below, by lot, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, from moneys deposited into the Sinking Fund Payments Account of the Debt Service Fund in accordance with the Indenture:

Year (June 1)	Principal Amount
2038	\$800,000
2039	835,000
2040	870,000
2041	905,000
2042*	940,000

* Final maturity.

Selection of Bonds to Be Redeemed. The Trustee shall select Bonds for redemption solely from funds available for that purpose in accordance with the provisions of the Indenture, on the dates required thereby, in such order as the District in its discretion may determine by written instructions to the Trustee (no fewer than 45 days in advance of the redemption date) and by lot within maturities, provided, however, that (a) the portion of any Bond to be redeemed shall be equal to an Authorized Denomination; and (b) in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Timing and Content of Redemption Notices. In the event any of the Bonds of a Series are to be called for redemption, the Registrar shall, unless notice is waived by the holder of all of the Bonds of a Series, give notice of the redemption of such Bonds. Each notice shall (i) specify the Bonds to be redeemed by CUSIP number, registration number, date of issue, interest rate, maturity date, the redemption date, the Redemption Price and the place or places where amounts due upon such redemption will be payable (which shall be the Principal Office of the Paying Agent) and, if fewer than all of the Bonds are to be redeemed, the registration numbers or portions of such Bonds to be redeemed and, in the case of Bonds in a denomination other than the minimum Authorized Denomination, portions of the Bonds which are to be redeemed in part, (ii) state that on the redemption date the Bonds or portions thereof to be redeemed shall cease to bear interest and (iii) any conditions to the redemption as provided in the Indenture. Such notice may set forth any additional information relating to the redemption. Such notice shall be given by first-class mail, not more than 45 days and not fewer than 30 days prior to the date fixed for redemption, to (a) at least two (2) of the Information Services, (b) the registered Depositories, (c) the Owners of Bonds or portions of Bonds to be redeemed at the addresses shown on the registration books of the Registrar as of the third day next preceding the date on which notice is given, or, if any such day is not a Business Day, the Business Day next preceding such day (a “Redemption Record Date”). The Registrar shall send notices, if applicable, to any registered Depositories in such manner that

the notice will be received by such registered Depositories at least two days before the date of general publication or release to the public. Any notice mailed as provided herein shall be conclusively presumed to have been given whether or not actually received by any Holder. The failure to give notice to any Owner of any Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bonds for which notice to the Owners was properly given. The failure to give notice to at least two (2) of the Information Services or to the registered Depositories, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bonds. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption pursuant to the Indenture shall have been satisfied, then, except as otherwise provided in the Indenture, Bonds called for redemption shall be redeemed upon presentation and surrender of such Bonds at the place or places of payment.

No Partial Redemption of Bonds After Default. If there shall have occurred and be continuing an Event of Default and if there shall have been an acceleration of the principal of and interest on the Bonds by the Trustee, then there shall be no redemption of fewer than all of the Bonds at the time Outstanding.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue. On the redemption date, the principal amount of each Bond or portion thereof to be redeemed, together with the accrued interest (if any) on such Bonds or portion thereof to the redemption date, shall become due and payable. If notice of redemption has been given to the Owners of the Bonds to be redeemed and if moneys to pay the Redemption Price are on deposit with the Trustee or the Paying Agent in accordance with the provisions of the Indenture, and if all conditions, if any, to the redemption are satisfied, then from and after the redemption date (a) no further interest shall accrue on any of the Bonds to be redeemed, whether or not such Bonds have been surrendered for payment, and (b) the Bonds to be redeemed shall no longer be Outstanding under the Indenture and the District shall be under no further liability with respect to such Bonds.

Conditional Notice. With respect to any notice of redemption of the Bonds in accordance with the Indenture, the notice may state that the redemption shall be conditional upon receipt by the Trustee, on or before the date fixed for the redemption, of moneys sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed, and that if such moneys shall not have been so received the notice shall be of no force and effect and the District shall not be required to redeem the Bonds. In the event that the notice of redemption contains such a condition and such moneys are not received, the redemption shall not be made and the Trustee shall, within a reasonable time after the last date on which such moneys were to have been received, give notice, in the manner in which the notice of redemption was given, that such moneys were not received and that the redemption shall not occur.

Reduction in Sinking Fund Requirements. In the event any Bonds subject to mandatory sinking fund redemption pursuant to the Indenture are to be redeemed or called for redemption, the principal amount of the Bonds subject to mandatory sinking fund redemption on each Sinking Fund Installment Date following such redemption shall be reduced by an amount (in the Authorized Denomination) specified with respect to each such Sinking Fund Installment Date by the District by written notice to the Trustee and the Paying Agent given at least 5 Business Days prior to the date the Trustee is to send notice of redemption to Bondholders, provided that the aggregate amount of such reductions shall not exceed the aggregate principal amount of the applicable Series of Bonds so redeemed or called for redemption. If the District fails to make any such determination, the principal amount of the Bonds subject to mandatory sinking fund redemption on each date described in the Indenture shall be reduced by applying the principal amount of the Bonds theretofore redeemed or called for redemption as a credit against the amounts required to be redeemed by mandatory sinking fund redemption in inverse order of their due dates.

Surrender of Bonds to Reduce Payment in the Event of a Mandatory Sinking Fund. The principal amount and accrued interest thereon required to be redeemed pursuant to a mandatory sinking fund redemption may be reduced, at the option of the District in its sole discretion, by the principal amount of any Bond purchased by the District in the open market and thereafter surrendered uncanceled and in transferable form by the District to the Trustee at least 45 days prior to such date (if the Bond is held by a Bond Depository at the time of such surrender, the District may direct such Bond Depository to surrender all or a portion of any Bond to the Trustee). If the District fails to make any specification as to the Bonds to be redeemed, the principal amount of Bonds subject to mandatory sinking fund redemption as provided above shall be reduced by applying the principal amount of Bonds theretofore purchased as a credit against the amounts required to be redeemed by mandatory sinking fund redemption, respectively, in inverse order of their due dates.

Additional Bonds

The District may issue Additional Bonds pursuant to the Authorizing Actions, so long as the aggregate annual debt service on all Bonds Outstanding, including the Series 2007A Bonds, the Series 2010 Bonds and the Series 2012 Bonds, does not exceed \$16 million. In addition, pursuant to any new authority that may be obtained under the Home Rule Act, the District could issue Additional Bonds that would result in aggregate annual debt service exceeding \$16 million. Any such additional issuance must comply with the requirements of the Indenture described in the paragraph below. Such Additional Bonds, which may be issued as Fixed Interest Rate Bonds or Variable Interest Rate Bonds, shall be issued as Parity Bonds pursuant to a Supplemental Indenture. The Supplemental Indenture authorizing such Additional Bonds shall set forth the total authorized principal amount of such Additional Bonds, the maturity date or dates and principal amounts of each maturity of the Additional Bonds, the interest payment dates, the interest rate or rates thereof, the denomination or denominations thereof, the Redemption Price or prices thereof, the forms thereof and shall direct the application of the proceeds of such Additional Bonds.

The District shall not issue any Additional Bonds unless, at or prior to the delivery to the Trustee of an order from the District to authenticate and deliver such Additional Bonds, there shall be filed with the Trustee those certificates and documents described in APPENDIX C, "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," under the caption "Additional Bonds," including a report of an independent feasibility consultant or a certification from an Authorized CFO Delegate evidencing that the lesser of (i) the amount of the Allocated Fund Deposit for the prior Fiscal Year or (ii) the average amount of the Allocated Fund Deposit for the past three (3) Fiscal Years is equal to at least 1.50 times the maximum annual debt service for any Fiscal Year on all then Outstanding Bonds plus projected debt service on the proposed Additional Bonds.

The Series 2012 Bonds are being issued as Additional Bonds.

Refunding Bonds

Refunding Bonds may be issued without complying with the conditions described above if the Trustee has received a certificate from the District stating that the aggregate debt service in each Bond Year on all Bonds Outstanding after the issuance of the Refunding Bonds will be less than the aggregate debt service in each respective Bond Year on all Bonds Outstanding prior to the issuance of the Refunding Bonds.

Statutory Debt Limitations

In 2009, the District enacted the “Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008,” D.C. Law 17-360, D.C. Official Code § 47-335.02 (as amended, the “Debt Ceiling Act”), imposing a limit on the issuance of any District general obligation bonds, Treasury capital-project loans, tax-supported revenue bonds (including the Series 2012 Bonds), notes or other debt instruments secured by revenues derived from taxes, fees, or other general revenues of the District, or its agencies and authorities, pursuant to the District’s power to tax and impose fees, including tax increment financed bonds, notes or other debt instruments, bonds, notes or other debt instruments financed by payments in lieu of taxes, certificates of participation and lease purchase financing obligations (collectively, with the exceptions noted in the Debt Ceiling Act, “Tax-Supported Debt”), but excluding revenue bonds, notes, or other debt instruments issued for the purpose of funding water and sewer facilities, as described in section 490(a) of the Home Rule Act, and bonds, notes, or other debt instruments paid or secured by revenues from the Master Settlement Agreement with tobacco companies, federal grants, or revenues from the operation of fully self-supporting public enterprises, if such issuance would result in total debt service in the Fiscal Year of issuance, or any of the five succeeding Fiscal Years, on all outstanding Tax-Supported Debt exceeding 12% of annual District General Fund expenditures and transfers in any applicable Fiscal Year, as contained in the most recently enacted District budget (the “Debt Ceiling”).

Following the issuance of the Series 2012 Bonds, the District will have approximately \$8.9 billion of Tax-Supported Debt outstanding, the debt service on which would produce Debt Ceiling percentages that comply with the Debt Ceiling Act. The Debt Ceiling percentage will be approximately 10.3% in Fiscal Year 2013 following the issuance of the Series 2012 Bonds (in relation to the 12% limit).

SOURCES AND USES OF SERIES 2012 BOND PROCEEDS

The sources and uses of the proceeds of the Series 2012 Bonds are set forth below:

SOURCES:	Series 2012 Bonds
Principal Amount	\$39,585,000.00
Net Premium	<u>1,686,984.95</u>
TOTAL SOURCES:	<u>\$41,271,984.95</u>
USES:	
Deposit to Series 2012A Project Accounts	\$21,850,000.00
Deposit to Series 2012B Project Accounts	16,775,000.00
Deposit to Debt Service Reserve Account ⁽¹⁾	2,031,672.52
Deposit to Costs of Issuance Account ⁽²⁾	271,560.25
Underwriters' Discount	<u>343,752.18</u>
TOTAL USES:	<u>\$41,271,984.95</u>

⁽¹⁾ For deposit to the Debt Service Reserve Account to satisfy the Debt Service Reserve Account Requirement.

⁽²⁾ Includes, among other items, trustee's fees, consultant and legal fees, financial advisory fees, rating agency fees, printing costs and rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS

Limited Obligations

The Bonds are special obligations of the District. The Bonds are without recourse to the District, are not a pledge of, and do not involve the faith and credit or the taxing power of the District (other than Real Property Transfer Taxes and Deed Recordation Taxes allocated to the Allocated Fund and deposited with the Trustee). The Bonds shall not constitute a debt of the District, and shall not constitute the lending of the public credit for private undertakings as prohibited by the Home Rule Act. The Bonds are payable from and are secured by a pledge of the Trust Estate, all of which shall, except as may be otherwise expressly authorized in the Indenture, be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds.

Security for the Series 2012 Bonds

The Trust Estate. The Trust Estate securing the Bonds consists of, at any particular time, all right, title and interest of the District in and to (i) the Pledged Revenues, (ii) all moneys, securities and obligations, including the Permitted Investments (including the investment income from Permitted Investments) which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee in trust under any of the provisions of the Indenture, and (iii) all cash and securities now or hereafter held in the Funds (except the Arbitrage Rebate Fund) and Accounts created or established under the Indenture and all investment earnings on the Funds and Accounts, which are pledged, assigned or transferred, or which may from time to time in the future be pledged, assigned or transferred, to the Trustee, by delivery or by writing of any kind, as and for security under the Indenture, whether by the District or by anyone on behalf of the District, or with the District's written consent, except for moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with the Indenture, funds held pursuant to the non-presentment provisions of the Indenture, and moneys representing the Rebate Amount.

“Allocated Fund” means the segregated sub-account of the Housing Production Trust Fund established by the HPTF Act that collects and holds the Allocated Fund Deposits received each Fiscal Year.

“Allocated Fund Deposit” means the amount deposited each year in the Housing Production Trust Fund pursuant to §42.2802(c) of the HPTF Act and any modifications and amendments to such sections of the HPTF Act. The Allocated Fund Deposits are (i) 15% of the Real Property Transfer Tax (defined below) and (ii) 15% of the Deed Recordation Tax (defined below). The HPTF Act provides that if, in any Fiscal Year, the Chief Financial Officer certifies that the proposed budget of the District will not be balanced as required by D.C. Official Code § 1-206.03(c) if the Allocated Fund Deposit were fully funded, “the applicable percentage for the fiscal year shall be the amount derived from the available general fund balance.”

District Covenant. As a clarification of the statutory provision described in the paragraph above defining “Allocated Fund Deposit,” the District has covenanted in the Indenture that if it is necessary to reduce the percentages in order to balance the budget, such percentages shall not be less than 15% in any Fiscal Year unless and until the District has deposited into the Allocated Fund (i) an amount sufficient to pay Aggregate Debt Service for such Fiscal Year and the next ensuing Fiscal Year (see “-Flow of Funds” below), and (ii) the amount, if any, needed to replenish the Debt Service Reserve Account to the Debt Service Reserve Account Requirement.

If the District were to violate such covenant, it would constitute an Event of Default under the Indenture (with such remedies available under the Indenture (which exclude acceleration) as summarized in APPENDIX C, “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” under the heading “Events of Default and Remedies”). If such covenant violation were to result in a payment default, it would cause the Authority (as defined below) to resume its full statutory powers. Pursuant to the District of Columbia Financial Responsibility and Management Assistance Act of 1995, Public Law 104-8, as amended (the “Authority Act”), the District of Columbia Financial Responsibility and Management Assistance Authority (the “Authority”) was established. Without repealing the District’s Mayor/Council government structure, the Authority Act granted the Authority substantial powers over the financial activities and management operations of the District government during any “Control Period” and “Control Year” as defined in the Authority Act. Under the provisions of the Authority Act, a Control Period will be initiated if the District defaults with respect to any loan, bond, note, or other form of borrowing, including the Bonds. The District is not currently in a Control Period. If a new Control Period were to be initiated, the Authority would resume its full statutory powers. See APPENDIX A, “THE DISTRICT - THE DISTRICT AND THE FEDERAL GOVERNMENT - The Authority.” See also “RISK FACTORS - Tax Rates” herein.

Maximum Annual Debt Service. The HPTF Act provides that “the total amount of funds allocated annually to pay debt service on bonds . . . [issued pursuant to the HPTF Act, including the Series 2007A Bonds, the Series 2010 Bonds and the Series 2012 Bonds,] shall not exceed \$16 million.”

The Approval Resolution provides that (i) Bonds issued to finance the redevelopment of the Northwest One New Communities Project Area must be in an aggregate principal amount such that the annual debt service on such Bonds will not exceed \$6 million, and (ii) Bonds issued to finance the Lincoln Heights/Richardson Dwellings New Communities Project, the Barry Farm/Park Chester/Wade Road New Communities Project and the Park Morton New Communities Project must be in an aggregate principal amount such that the annual debt service on such Bonds will not exceed \$10 million. See “RISK FACTORS” herein.

After the issuance of the Series 2012 Bonds, maximum annual debt service on Bonds issued to finance the redevelopment of the Northwest One New Communities Project Area is projected to be approximately \$3.89 million (occurring in fiscal year 2014) compared to the \$6 million limit, and maximum annual debt service on Bonds issued to finance the Lincoln Heights/Richardson Dwellings New Communities Project, the Barry Farm/Park Chester/Wade Road New Communities Project and the Park Morton New Communities Project is projected to be approximately \$4.50 million (occurring in fiscal year 2015) compared to the \$10 million limit.

Real Property Transfer Tax. The “Real Property Transfer Tax” is a tax imposed by D.C. Official Code § 47-903 of 1.45% of the consideration paid for each transfer of either residential or commercial property at the time a deed is submitted for recordation (except for residential properties transferred for a consideration less than \$400,000, for which the tax rate is 1.10%). “Transfer” is defined as a “process whereby any real property in the District, or any interest therein is conveyed, vested, granted, bargained, sold, transferred, or assigned from 1 person to another.” (D.C. Official Code, § 47-901(9)).

Deed Recordation Tax. The “Deed Recordation Tax” is a tax imposed by D.C. Official Code § 42-1103 at the time (1) a deed for residential or commercial property is recorded or (2) a deed of trust (equivalent to a mortgage in other jurisdictions) on a commercial property is recorded, including (a) a construction loan deed of trust, (b) a permanent loan deed of trust (based on any increase in value above the construction loan deed of trust) or (c) a refinancing of a commercial property loan, imposed at the following rates:

(A) 1.45% (except for residential properties transferred for a consideration less than \$400,000, for which the tax rate is 1.10%) imposed “[a]t the time a deed, including a lease or ground rent for a term (with renewals) that is at least 30 years, is submitted for recordation” (D.C. Official Code, § 42-1103(a)(1)), as follows:

(1) A deed that conveys title to real property in the District shall be taxed at a rate of 1.45% applied to the consideration for the deed; provided, that if there is no consideration for a transfer or if the consideration for the transfer is nominal, the rate shall be applied to the fair market value of the real property, as determined by the Mayor.

(2) If there is a lease or ground rent for a term (with renewals) that is at least 30 years, the recordation tax shall be based on the average annual rent over the term of the lease, including renewals, capitalized at a rate of 10% plus any additional consideration payable; provided that the amount to which the rate is applied shall not exceed the fair market value of the real property covered by the interest transferred. If the average annual rent of the lease or ground rent for a term (including renewals) that is at least 30 years cannot be determined, the recordation tax will be based on the greater of: (I) one hundred and five percent (105%) of the minimum average annual rent ascertainable from the terms of the lease, capitalized at a rate of 10%, plus any additional consideration payable; or (II) one hundred and fifty percent (150%) of the assessed value of the real property covered by the interest transferred.

(3) At the time a security instrument on commercial property is submitted for recordation, a tax is imposed at a rate of 1.45% of the total amount of debt incurred which is secured by the interest in real property.

and

(B) 2.90% imposed at the time a deed that evidences a transfer of an economic interest in real property, including a transfer of shares in a cooperative housing association in connection with a transfer of a proprietary interest, is submitted for recordation (except when the consideration allocable to the real property is less than \$400,000, in which case the tax rate is 2.20%).

Deed Tax Collection Process. Deed Taxes generated by real property transactions are collected by the District and transferred to the District’s General Fund. Deed Tax collections are transferred monthly from the General Fund to the Allocated Fund. Commencing on October 1 of each Fiscal Year, Allocated Fund Deposits are deposited monthly on the first business day by the District into the Revenue Fund held by the Trustee until the amounts set forth in FIRST through FIFTH under “-Flow of Funds” below are on deposit therein. *This Deed Tax collection process is presented schematically in the chart captioned “Deed Tax Flow of Funds.”*

Deed Tax Components. There are three component sources of Deed Tax revenue: commercial sales, housing sales, and commercial refinancing. The District does not maintain Deed Tax collection data that distinguishes between these three component sources. Although the District does not maintain such data, the District estimates that (i) in Fiscal Year 2011, commercial activity accounted for 44.3% of Deed Tax collections and housing activity accounted for 55.7% and (ii) in the first nine months of Fiscal Year 2012, commercial activity accounted for 54.5% of Deed Tax collections and housing activity accounted for 45.5%.

Historical Collections of Deed Taxes. Over the past decade, the District has collected the amounts of Deed Taxes shown in the chart below.

Historical Collections of Deed Taxes

Fiscal Year	Deed Tax Gross Revenue				Deed Tax Deposits to HPTF			Percent Change in HPTF Deposits
	Deed Recordation Tax Revenue	Real Property Transfer Tax Revenue	Total Revenue	Tax Rate	Deed Recordation Tax Deposits to HPTF	Real Property Transfer Tax Deposits to HPTF	Total Deposits to HPTF	
2000 ⁽¹⁾	\$ 60,417,000	\$ 44,662,000	\$105,079,000	1.10%	—	—	—	—
2001	\$ 75,935,000	\$ 62,118,000	\$138,053,000	1.10%	—	—	—	—
2002	\$ 89,944,000	\$ 62,193,000	\$152,137,000	1.10%	—	—	—	—
2003 ⁽²⁾	\$139,266,000	\$ 99,052,000	\$238,318,000	1.50%	\$ 5,000,000	—	\$ 5,000,000	—
2004	\$193,551,000	\$143,232,000	\$336,783,000	1.50%	\$29,032,613	\$21,484,767	\$50,517,380	910.35%
2005	\$190,047,000	\$147,316,000	\$337,363,000	1.10%	\$28,507,069	\$22,039,325	\$50,546,394	.06%
2006	\$197,529,000	\$132,614,000	\$330,143,000	1.10%	\$28,504,000 ⁽³⁾	\$19,106,000 ⁽³⁾	\$47,610,000 ⁽³⁾	-5.81%
2007	\$226,744,000	\$152,411,000	\$379,155,000	1.10/1.45% ⁽⁴⁾	\$34,734,000	\$23,998,000	\$58,732,000	23.36%
2008	\$155,973,000	\$112,434,000	\$268,407,000	1.10/1.45% ⁽⁴⁾	\$23,853,000	\$16,736,000	\$40,589,000	-30.89%
2009	\$100,762,000	\$ 78,262,000	\$179,024,000	1.10/1.45% ⁽⁴⁾	\$15,957,954	\$12,286,424	\$28,244,378	-30.41%
2010	\$111,556,000	\$ 93,187,000	\$204,743,000	1.10/1.45% ⁽⁴⁾	\$16,423,073	\$13,735,136 ⁽⁵⁾	\$30,158,208	6.78%
2011	\$166,501,000	\$137,789,000	\$304,290,000	1.10/1.45% ⁽⁴⁾	\$24,685,727	\$20,473,903 ⁽⁵⁾	\$45,159,630	49.74%
2011 ⁽⁶⁾	\$153,598,000	\$125,826,000	\$279,424,000	1.10/1.45% ⁽⁴⁾	\$22,750,217	\$18,679,566	\$41,429,783	—
2012 ⁽⁷⁾	\$148,082,000	\$110,194,000	\$258,276,000	1.10/1.45% ⁽⁴⁾	\$22,212,233	\$16,529,118	\$38,741,351	—

(1) The data for Fiscal Year 2000 does not include the first quarter (Oct.-Dec.).

(2) The tax rate during the first quarter of 2003 was 1.10%.

(3) The Deed Tax deposits for Fiscal Year 2006 were approximately 14.42% of Deed Tax revenue, rather than 15%. The difference between the 15% and the 14.42% (approximately \$1.9 million) has since been deposited into the HPTF. The District has established procedures to ensure that Allocated Fund deposits for future Fiscal Years equal at least 15% of Deed Tax revenue.

(4) The current tax rate is (and in Fiscal Years 2007-2009 was) 1.45%, except for residential properties transferred for a consideration less than \$400,000, for which the tax rate is (and was) 1.10%.

(5) The Deed Tax deposits for Fiscal Year 2010 and 2011 were approximately 14.73% and 14.84% of Deed Tax Revenue respectively, rather than 15%. The variances for both years are attributed to year-end adjustments to the Deed Tax Revenue. Despite this fact, the variances have been supplemented by positive balances allocated to the Fund in prior fiscal years.

(6) Through August 31, 2011.

(7) Through August 31, 2012.

Source: District of Columbia Office of Tax and Revenue.

Although both the Deed Recordation Tax and the Real Property Transfer Tax are generally imposed at the same rate, Deed Recordation Tax receipts have been higher than Real Property Transfer Tax receipts because the Deed Recordation Tax also applies to commercial property refinancing transactions (based on the difference between the principal amount of the new debt and the outstanding principal balance due on the prior debt at the time of the refinancing) in which there is no transfer of real property.

The chart below shows historical data regarding the number and type of transactions subject to the Deed Taxes:

Real Estate Transactions⁽¹⁾

<u>Fiscal Year</u>	<u>Total Number of Residential Properties in the District</u>	<u>Number of Residential Property Transactions</u>	<u>Percent of Residential Properties Involved in Transactions</u>	<u>Aggregate Value of Residential Properties Involved in Transactions</u>	<u>Total Number of Residential Property Transactions under \$400,000</u>	<u>Percent of Residential Property Transactions under \$400,000</u>	<u>Aggregate Value of Property Transactions under \$400,000</u>	<u>Total Number of Commercial Properties in the District</u>	<u>Number of Commercial Property Transactions</u>	<u>Percent of Commercial Properties Involved in Transactions</u>	<u>Aggregate Value of Commercial Properties Involved in Transactions</u>
2007	162,673	9,214	5.66%	\$9,047,819,580	4,455	48.35%	\$1,220,515,576	10,079	421	4.18%	\$5,658,082,384
2008	166,777	7,546	4.52%	\$4,612,775,603	3,818	50.60%	\$1,024,623,143	9,955	364	3.66%	\$5,363,634,816
2009	171,644	7,209	4.20%	\$3,891,288,838	3,969	55.06%	\$1,018,659,058	9,860	267	2.71%	\$3,165,306,766
2010	176,643	8,411	4.76%	\$4,824,539,234	4,180	49.70%	\$1,051,865,402	10,283	303	2.95%	\$2,283,060,164
2011	177,186	7,659	4.32%	\$5,251,924,290	3,728	48.67%	\$ 897,454,359	10,335	477	4.62%	\$9,531,866,397
2012 ⁽²⁾	178,053	7,543	4.24%	\$5,236,338,589	3,527	46.76%	\$ 879,788,797	10,129	407	4.02%	\$5,622,149,917

⁽¹⁾ Using the data in this table to calculate estimated Deed Tax revenues will not yield data that matches the District's historical Deed Tax collections, as reported in the "Historical Collections of Deed Taxes" table above, because actual Deed Tax collections may contain payments and adjustments from prior Fiscal Years.

⁽²⁾ Through August 31, 2012.

Source: District of Columbia Office of the Chief Information Officer, Tax Systems Group.

The increase in Deed Tax receipts transferred to the Housing Production Trust Fund in Fiscal Year 2011 is attributable to a mild surge in commercial office building sales during the first half of Fiscal Year 2011, a modest increase in the average selling prices of all residential property, and an increase in the number of condominiums sold.

The table below shows residential and commercial sales data trends for the District in Fiscal Years 2009-2012 and from June 2011 through June 2012.

**Industry Data on Trends in Real Property Sales and Sales Prices
Fiscal Years 2009-2011 and 12-month Moving Total**

	Fiscal Year <u>2009</u>	Fiscal Year <u>2010</u>	Fiscal Year <u>2011</u>	<u>6/2011-6/2012</u> ⁽¹⁾
Number of Sales				
Single family	3,259	4,084	3,800	3,586
1 year change	237	825	-284	-204
% change	7.8	25.3	-7.0	-5.4
Condominium	2,590	2,884	2,469	2,677
1 year change	-206	294	-415	253
% change	-7.4	11.4	-14.4	10.4
Commercial	25	29	62	54
1 year change	-25	4	33	-8
% change	-50.0	16.0	113.8	-12.9
Average Prices				
Single family	\$597,269	\$538,395	\$601,026	\$618,387
1 year change	-\$70,098	\$58,874	\$62,631	\$33,622
% change	-10.2	-9.9	11.6	5.7
Condominium	\$359,952	\$414,030	\$423,365	\$427,602
1 year change	-\$52,283	\$54,078	\$9,336	-\$90
% change	-12.7	15.0	2.3	0.0
Commercial ⁽²⁾	\$95,129,514	\$78,472,447	\$96,275,025	\$63,967,948
1 year change	\$11,196,159	-\$16,657,067	\$17,802,578	-\$38,875,940
% change	13.3	-17.5	22.7	-37.8

(1) This column compares average data for the 12-month period ending June 2011 to the corresponding 12-month period ending June 2012.

(2) Commercial prices are volatile and the average price depends on the composition of properties sold. A single large commercial building sale could significantly weight the average. In June 2010, several high priced properties sold, which drove up the average price.

Source: Residential data is from the Metropolitan Regional Information Service (MRIS). Residential sales are closed contracts settled. Commercial data is from CoStar sales database and is only for Class A and Class B office building sales as identified by CoStar. Data do not constitute the entire universe of real property sales in the District and may not match final deed recordation and transfer data.

As reflected in the table above, for the 12-month period ending June 2012, the residential real estate market in the District of Columbia was relatively stable from the prior year. The total value of residential properties sold during this period was virtually identical to the prior year, and substantially higher than in 2009 and 2010. The number of single family housing sales (completed settlements) in June 2012 fell 5.4% compared to June 2011, while the number of condominium sales (completed settlements)

increased 10.4% compared to June 2011. In June 2012, the average single family home sale price increased 5.7% higher than one year prior, but the average condominium sale price remained about the same as one year prior. The sales activity for commercial properties for the 12-month period ending June 2012 exhibited a significant decline compared to the prior year, reflecting the volatility of the commercial market discussed in footnote 2 to the table above.

Any weakening of the real estate market may adversely affect the amount of Deed Taxes generated and collected by the District. See “RISK FACTORS - Collection of Deed Taxes.”

Projection of Future Collections of Deed Taxes. The District currently projects that the following amounts of Deed Tax receipts will be transferred to the Housing Production Trust Fund in the Fiscal Years shown below. These projections are preliminary and subject to change.

**Estimated Deed Tax Receipts
Transferred to the Housing Production Trust Fund
Fiscal Years 2012-2016
(and Actual Receipts for Fiscal Years 2010-2011)
(\$ thousands)**

<u>Revenue Source</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Projected</u>	<u>FY 2013 Projected</u>	<u>FY 2014 Projected</u>	<u>FY 2015 Projected</u>	<u>FY 2016 Projected</u>
Deed Recordation Tax Transfer to HPTF	\$16,423	\$24,686	\$23,533	\$24,809	\$24,809	\$24,809	\$25,362
Deed Transfer Tax Transfer to HPTF	<u>13,735</u>	<u>20,474</u>	<u>17,789</u>	<u>20,551</u>	<u>20,551</u>	<u>20,551</u>	<u>20,993</u>
Total	<u>\$30,158</u>	<u>\$45,160</u>	<u>\$41,322</u>	<u>\$45,360</u>	<u>\$45,360</u>	<u>\$45,360</u>	<u>\$46,355</u>

Source: September 28, 2012 revenue estimate for Fiscal Years 2012-2016 certified by District of Columbia Office of the Chief Financial Officer.

**Historical and Projected Debt Service Coverage
(\$ thousands)**

	<u>Historical</u>					<u>Projected</u>		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Allocated Fund Deposits ⁽¹⁾	\$58,732	\$40,589	\$28,244	\$30,158	\$45,160	\$41,322	\$45,360	\$45,360
Maximum Debt Service for Outstanding Bonds and Series 2012 Bonds ⁽²⁾	\$7,829	\$7,829	\$7,829	\$7,829	\$7,829	\$7,829	\$7,829	\$7,829
Coverage Ratio	7.5x	5.2x	3.6x	3.9x	5.8x	5.3x	5.8x	5.8x

⁽¹⁾ For Fiscal Years 2007-2011, amounts reflect historical Allocated Fund Deposits. See the “Historical Collections of Deed Taxes” table above. For Fiscal Years 2012-2014, amounts reflect estimated Allocated Fund Deposits. See the “Estimated Deed Tax Receipts Transferred to the Housing Production Trust Fund Fiscal Years 2010-2014” table above.

⁽²⁾ This table reflects actual debt service on the Series 2007A Bonds, Series 2010 Bonds and Series 2012 Bonds, and assumes that such bonds were outstanding in Fiscal Years 2007-2012.

Flow of Funds

Transfer of Funds from Allocated Fund to Revenue Fund. Commencing on October 1 of each Fiscal Year and on the first Business Day of each month thereafter until 100% of the amounts set forth in FIRST through FIFTH below are on deposit therein, all Allocated Fund Deposits received by the District for such fiscal year shall be transferred from the Allocated Fund to the Trustee, together with any other moneys transferred by the District to the Trustee, for deposit into the Revenue Fund; provided, however, that the proceeds of any draw on or payment under any Credit Facility which is intended for the payment of a Bond may be applied directly to such payment or deposited directly to the Debt Service Fund for such purpose.

Use of Moneys in Revenue Fund. The Trustee shall apply moneys on deposit in the Revenue Fund on a monthly basis in the following priority:

FIRST: An amount equal to the interest due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Interest Account equal interest due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

SECOND: An amount equal to the principal due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Principal Account or the Sinking Fund Payments Account equal principal due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

THIRD: An amount necessary to restore the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Account Requirement shall be transferred into the Debt Service Reserve Account;

FOURTH: An amount equal to the Bond Program Expenses Account Requirement shall be transferred to the Bond Program Expenses Account of the Debt Service Fund to make any payments due and payable thereunder; and

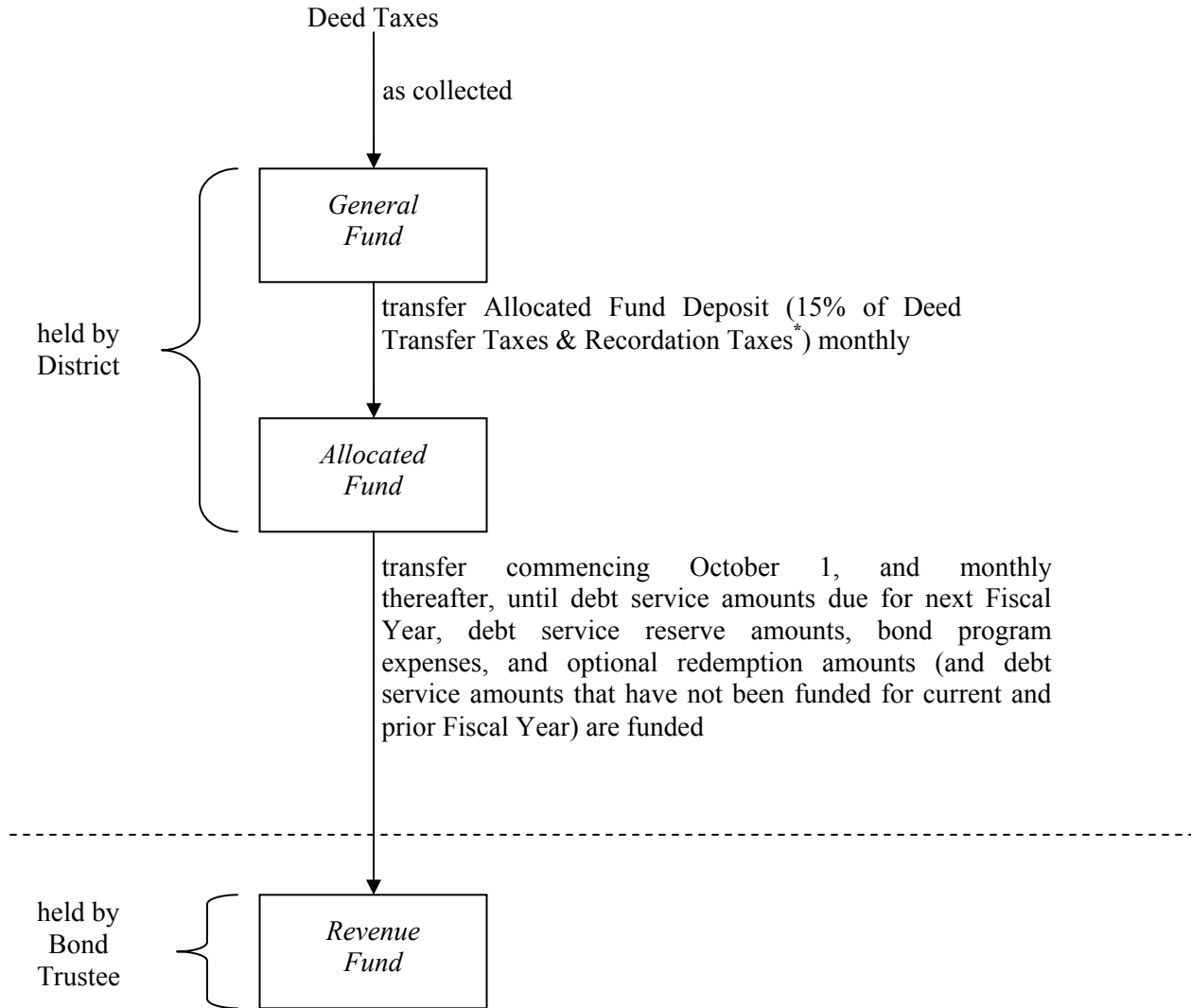
FIFTH: To the Optional Redemption Account of the Redemption Fund the amount, if any, required or directed by an Authorized Delegate to be applied to the redemption of Bonds in accordance with the Indenture.

Use of Moneys in Accumulation Account. Unless otherwise set forth in a Supplemental Indenture, sixty (60) days prior to (A) December 1, moneys on deposit in the Accumulation Account required for payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, and (B) June 1, moneys on deposit in the Accumulation Account (1) first, required for the payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, (2) second, required for payment of principal on the Bonds (other than any Sinking Fund Installment) shall be transferred from the Accumulation Account to the Principal Account, and (3) third, required to satisfy the principal of any Sinking Fund Installment on the Bonds shall be deposited in the Sinking Fund Payment Account.

On the Closing Date, the District will deposit \$1,091,519.71 of its available funds into the Revenue Fund. Following such deposit, all amounts required to pay interest on and principal of the Bonds to and including June 1, 2013 will be on deposit with the Trustee.

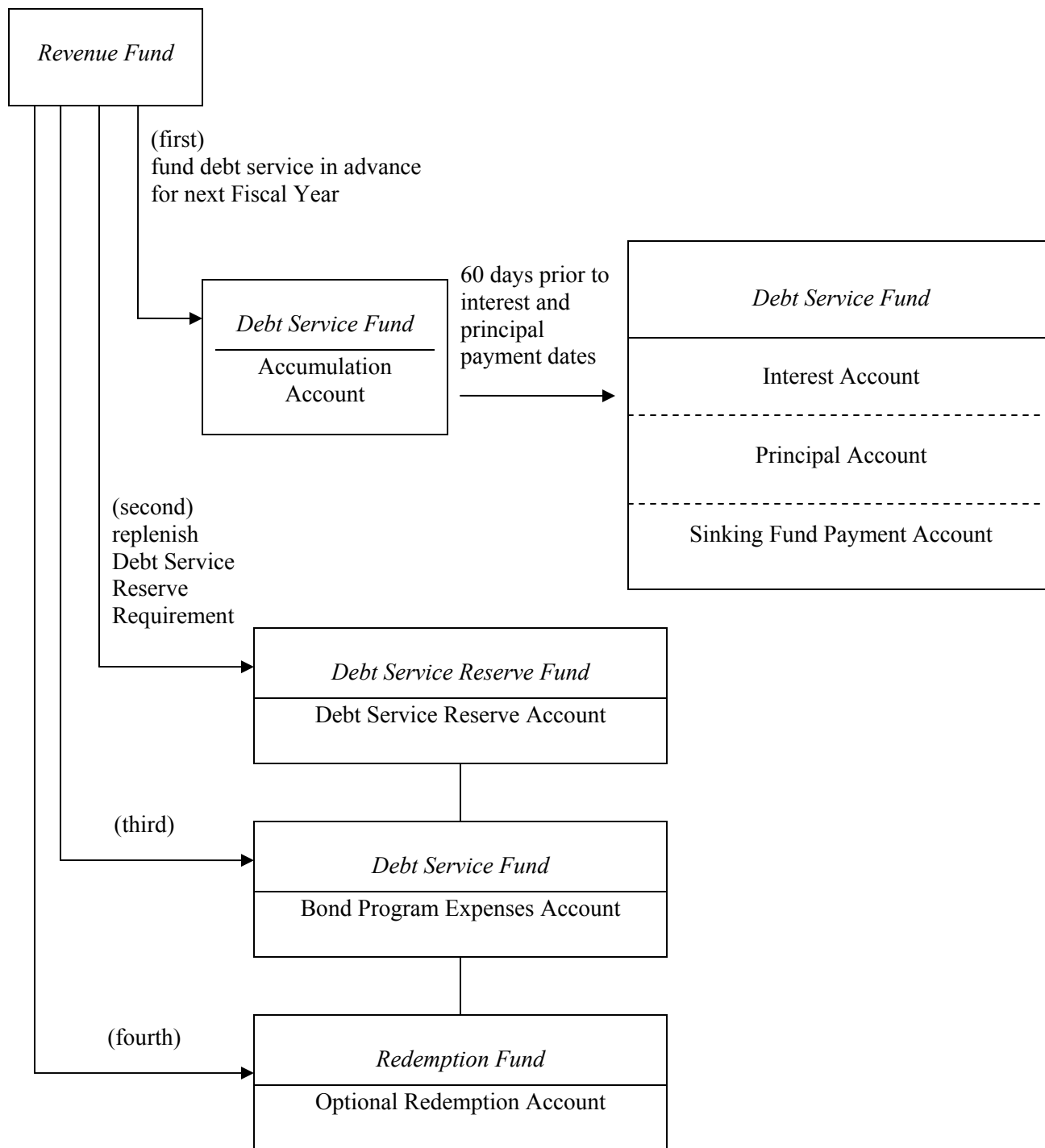
The flow of funds for Deed Taxes and Pledged Revenues are presented schematically in the charts captioned “Deed Tax Flow of Funds” and “Pledged Revenues Flow of Funds Under Indenture” on the following pages.

DEED TAX FLOW OF FUNDS



* The CFO may reduce the percentage in a Fiscal Year if required to balance a proposed budget, but not below an amount sufficient to pay Aggregate Debt Service for such Fiscal Year (and the next ensuing Fiscal Year) and any replenishment of the Debt Service Reserve Fund (the transfers labeled “first” and “second” in the next chart), subject to the \$16 million cap discussed under “RISK FACTORS – Cap on Transfer.”

PLEGGED REVENUES* FLOW OF FUNDS UNDER INDENTURE



* Pledged Revenues are that portion of the Deed Taxes that is transferred from the Allocated Fund to the Revenue Fund and other moneys transferred by the District to the Revenue Fund.

Debt Service Reserve Fund

The Debt Service Reserve Fund will be comprised of the Debt Service Reserve Account. The Indenture provides that moneys in the Debt Service Reserve Fund shall be held in trust by the Trustee and applied as provided in the Indenture and, pending such application, shall be subject to a lien or charge in favor of the Holders of the Outstanding Bonds and for the further security of such Holders of Bonds until paid out, transferred or released as provided in the Indenture.

On the Closing Date the District shall transfer to the Debt Service Reserve Account an amount sufficient to satisfy the Debt Service Reserve Account Requirement for the Series 2007A Bonds, the Series 2010 Bonds and the Series 2012 Bonds. The Debt Service Reserve Account Requirement may be satisfied by cash or by one or more Reserve Fund Credit Facilities, or by any combination thereof; provided, however, that, if at the time moneys are to be withdrawn one or more Reserve Fund Credit Facilities are on deposit, the Trustee shall use cash and obtain payment under each Reserve Fund Credit Facility, pro-rata, based upon the amounts then available to be paid from cash and under such facilities.

The Trustee shall value the Debt Service Reserve Account on the tenth Business Day prior to each Interest Payment Date (or monthly, for any period that there exists a shortfall in the Debt Service Reserve Account), and if the Value of the Debt Service Reserve Account is less than the Debt Service Reserve Account Requirement, the Trustee shall replenish the Debt Service Reserve Fund Requirement in accordance with THIRD under “-Flow of Funds” above.

Moneys on deposit in the Debt Service Reserve Fund shall be applied as follows:

(i) On the date of each payment from the Debt Service Fund of principal, Sinking Fund Installments or interest on the Bonds, moneys on deposit in the Debt Service Reserve Fund shall be applied to cure any deficiency in amounts available in the Debt Service Fund to pay the principal, Sinking Fund Installments and interest on the Bonds; and

(ii) If, on any Valuation Date, amounts on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Account Requirement, the District shall direct the Trustee to transfer an amount equal to such excess from the Debt Service Reserve Account and to deposit into the Bond Program Expenses Account an amount equal to the Bond Program Expenses Account Requirement and the remainder, if any, into the Debt Service Fund. To effect such a withdrawal, the District shall provide a certificate of Authorized CFO Delegate specifying (a) the amount of such withdrawal, (b) the Debt Service Reserve Account Requirement following such withdrawal, (c) that the aggregate amount on deposit in the Debt Service Reserve Account following such withdrawal shall at least equal the Debt Service Reserve Account Requirement and (d) the purpose to which the proceeds of such withdrawal will be applied.

DEBT SERVICE TABLE

Fiscal Year	Outstanding Bonds			Series 2012A Bonds			Series 2012B Bonds			Total Aggregate Debt Service		
	Principal	Interest	Subtotal ⁽¹⁾	Principal	Interest	Subtotal ⁽¹⁾	Principal	Interest	Subtotal	Principal	Interest	Total ⁽¹⁾
2013	\$1,585,000	\$3,988,357	\$5,573,357	\$200,000	\$416,691	\$616,691	\$155,000	\$319,828	\$474,828	\$1,940,000	\$4,724,877	\$6,664,877
2014	1,650,000	3,924,108	5,574,108	420,000	851,194	1,271,194	325,000	653,283	978,283	2,395,000	5,428,584	7,823,584
2015	1,720,000	3,857,062	5,577,062	435,000	838,594	1,273,594	335,000	643,533	978,533	2,490,000	5,339,188	7,829,188
2016	1,805,000	3,771,062	5,576,062	450,000	821,194	1,271,194	345,000	630,133	975,133	2,600,000	5,222,388	7,822,388
2017	1,895,000	3,680,812	5,575,812	470,000	803,194	1,273,194	360,000	616,333	976,333	2,725,000	5,100,338	7,825,338
2018	1,985,000	3,586,062	5,571,062	490,000	784,394	1,274,394	375,000	601,933	976,933	2,850,000	4,972,388	7,822,388
2019	2,090,000	3,486,812	5,576,812	510,000	764,794	1,274,794	390,000	586,933	976,933	2,990,000	4,838,538	7,828,538
2020	2,195,000	3,382,312	5,577,312	535,000	739,294	1,274,294	410,000	567,433	977,433	3,140,000	4,689,038	7,829,038
2021	2,285,000	3,291,612	5,576,612	560,000	712,544	1,272,544	430,000	546,933	976,933	3,275,000	4,551,088	7,826,088
2022	2,400,000	3,177,362	5,577,362	590,000	684,544	1,274,544	450,000	525,433	975,433	3,440,000	4,387,338	7,827,338
2023	2,515,000	3,057,362	5,572,362	615,000	655,044	1,270,044	475,000	502,933	977,933	3,605,000	4,215,338	7,820,338
2024	2,640,000	2,931,612	5,571,612	650,000	624,294	1,274,294	500,000	479,183	979,183	3,790,000	4,035,088	7,825,088
2025	2,775,000	2,799,612	5,574,612	675,000	598,294	1,273,294	515,000	459,183	974,183	3,965,000	3,857,088	7,822,088
2026	2,910,000	2,660,862	5,570,862	700,000	571,294	1,271,294	540,000	438,583	978,583	4,150,000	3,670,738	7,820,738
2027	3,055,000	2,519,550	5,574,550	730,000	543,294	1,273,294	560,000	416,983	976,983	4,345,000	3,479,826	7,824,826
2028	3,205,000	2,371,187	5,576,187	750,000	521,394	1,271,394	575,000	400,183	975,183	4,530,000	3,292,763	7,822,763
2029	3,360,000	2,215,537	5,575,537	775,000	498,894	1,273,894	595,000	382,933	977,933	4,730,000	3,097,363	7,827,363
2030	3,520,000	2,052,350	5,572,350	795,000	474,869	1,269,869	610,000	364,488	974,488	4,925,000	2,891,706	7,816,706
2031	3,695,000	1,881,387	5,576,387	820,000	450,025	1,270,025	630,000	345,425	975,425	5,145,000	2,676,837	7,821,837
2032	3,875,000	1,701,925	5,576,925	850,000	423,785	1,273,785	650,000	325,265	975,265	5,375,000	2,450,975	7,825,975
2033	4,060,000	1,511,150	5,571,150	875,000	396,160	1,271,160	675,000	304,140	979,140	5,610,000	2,211,450	7,821,450
2034	4,255,000	1,321,200	5,576,200	910,000	364,660	1,274,660	695,000	279,840	974,840	5,860,000	1,965,700	7,825,700
2035	4,455,000	1,122,062	5,577,062	940,000	331,900	1,271,900	720,000	254,820	974,820	6,115,000	1,708,782	7,823,782
2036	4,660,000	913,525	5,573,525	975,000	298,060	1,273,060	750,000	228,900	978,900	6,385,000	1,440,485	7,825,485
2037	4,875,000	695,337	5,570,337	1,010,000	262,960	1,272,960	775,000	201,900	976,900	6,660,000	1,160,197	7,820,197
2038	2,965,000	467,000	3,432,000	1,045,000	226,600	1,271,600	800,000	174,000	974,000	4,810,000	867,600	5,677,600
2039	3,110,000	318,750	3,428,750	1,090,000	184,800	1,274,800	835,000	142,000	977,000	5,035,000	645,550	5,680,550
2040	3,265,000	163,250	3,428,250	1,130,000	141,200	1,271,200	870,000	108,600	978,600	5,265,000	413,050	5,678,050
2041				1,175,000	96,000	1,271,000	905,000	73,800	978,800	2,080,000	169,800	2,249,800
2042				1,225,000	49,000	1,274,000	940,000	37,600	977,600	2,165,000	86,600	2,251,600
Total	\$82,805,000	\$66,849,228	\$149,654,228	\$22,395,000	\$15,128,964	\$37,523,964	\$17,190,000	\$11,612,534	\$28,802,534	\$122,390,000	\$93,590,701	\$215,980,701

(1) Totals may not add due to rounding.

THE NEW COMMUNITIES PROJECTS

General

The New Communities Projects consist of the Northwest One New Communities Project, the Lincoln Heights/Richardson Dwellings New Communities Project and the Barry Farm/Park Chester/Wade Road New Communities Project.

The New Communities Projects are part of the District's New Communities Initiative, which is "a large scale and comprehensive plan . . . that provides housing infrastructure [in the District of Columbia] with a special focus on public housing, provides critical social support services, decreases the concentration of poverty and crimes, enhances access to education, and provides training and employment education to neighborhoods where crime, unemployment, and truancy converge to create intractable physical and social conditions."

Deed Taxes deposited into the Allocated Fund and transferred to the Trustee are pledged to secure the Series 2012 Bonds on a parity basis with the Series 2007A Bonds, the Series 2010 Bonds and any Additional Bonds. *The Bonds are not secured by or payable from revenues generated by the New Communities Projects. The Bonds are payable from the Pledged Revenues without regard to whether the New Communities Projects are constructed.* See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS" herein.

Series 2012A Bonds Projects

The proceeds of the Series 2012A Bonds will be granted to various entities to finance a portion of the 2 M Street Project, which is part of the larger Northwest One New Communities Project, and a portion of the Barry Farm Recreation Center Project, which is part of the larger Barry Farm/Park Chester/Wade Road New Communities Project.

The Northwest One New Communities Project includes the financing, refinancing and reimbursing of a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project Area. "Northwest One New Communities Project Area" means the area bounded by North Capitol Street, N.E., K Street, N.W., New Jersey Avenue, N.W., and New York Avenue, N.W., in Washington, D.C.

The Barry Farm/Park Chester/Wade Road New Communities Project includes the financing, refinancing and reimbursing of the costs of redeveloping, constructing, acquiring, furnishing and equipping improvements in housing, public facilities, access to commercial and retail opportunities, urban design, parks and open space, and transportation systems within the Barry Farm/Park Chester/Wade Road New Communities Project Area. "Barry Farm New Communities Project Area" means the area located in the historic Anacostia area of Ward 8 in the District of Columbia, which is generally bounded by Suitland Parkway to the north, Martin Luther King Jr. Avenue to the east, Firth Sterling Avenue to the west, and St. Elizabeth's West Campus to the south.

Series 2012B Bonds Projects

The proceeds of the Series 2012B Bonds will be loaned to the Series 2012B Borrowers, which are various private developers, to finance a portion of the Severna Phase II Project, which is part of the larger Northwest One New Communities Project, portions of the 4800 Nannie Helen Burroughs Project and the 5201 Hayes Street N.E. Project, which are part of the larger Lincoln Heights/Richardson Dwellings New Communities Project, and portions of the Sheridan Station-Phase III: Site Work Project and the Sheridan

Station-Phase III: Vertical Development, which are part of the larger Barry Farm/Park Chester/Wade Road New Communities Project.

The Lincoln Heights/Richardson Dwellings New Communities Project includes the financing, refinancing and reimbursing of the costs of redeveloping, constructing, acquiring, furnishing and equipping improvements in housing, public facilities, access to commercial and retail facilities, urban design, parks and open space, and transportation systems within the Lincoln Heights/Richardson Dwellings New Communities Project Area. “Lincoln Heights/Richardson Dwellings New Communities Project Area” means the area located in the northeastern section of Ward 7 in the District of Columbia, and is generally bounded by East Capitol Street to the south, Nannie Helen Burroughs Avenue to the north, 48th Place to the west, and 57th Street to the east.

The Series 2012B Bonds are being issued as “exempt facility bonds” under Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”). An exempt facility bond is a bond issued as part of an issue of which 95% or more of the net proceeds thereof is used to finance certain types of facilities, one of which is a “qualified residential rental project.” A “qualified residential rental project” is a residential rental property project for which, during the “qualified project period,” either (A) 20% or more of the residential units in the project are occupied by individuals whose income is 50% or less of area median gross income as adjusted for family size (“AMI”) or (B) 40% or more of the residential units in such project are occupied by individuals whose income is 60% or less of AMI.

“Qualified project period” means the period beginning on the first day on which 10% of the residential units in the project are occupied and ending on the latest of - (i) the date which is 15 years after the date on which 50% of the residential units in the project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to the project is outstanding, or (iii) the date on which any assistance provided with respect to the project under section 8 of the United States Housing Act of 1937 terminates.

Each Series 2012B Borrower will covenant in a Series 2012B Proceeds Certificate and a Series 2012B Regulatory Agreement to comply with the applicable provisions of the Code to assure that the Series 2012B Bonds remain exempt facility bonds under the Code. As discussed under “TAX MATTERS” herein, interest on the Series 2012B Bonds could be, or become, includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012B Bonds as a result of a failure of the District or a Series 2012B Borrower, as applicable, to comply with the Series 2012B Tax Certificate of the District, a Series 2012B Proceeds Certificate, a Series 2012B Regulatory Agreement, certain provisions of the Code, the Treasury regulations promulgated thereunder, and certain other guidance issued by the Internal Revenue Service and the courts. See “RISK FACTORS - No Acceleration or Early Redemption Upon Loss of Tax Exemption” herein.

RISK FACTORS

Purchase of the Series 2012 Bonds involves a degree of risk and may not be suitable for all investors. Prospective purchasers of the Series 2012 Bonds should give careful consideration to the matters discussed in the following summary and the information set forth in this Official Statement as a whole. This summary of risk factors should not be considered an exhaustive description of all aspects of law and policy that may affect the Series 2012 Bonds and the District, but rather is informational only.

General

In general, the ability of the District to pay the principal of, premium, if any, and interest on the Series 2012 Bonds when due could be adversely affected by a variety of future events and conditions, including, but not limited to, those described below.

Limited Obligations

The Bonds are special obligations of the District. The Bonds are without recourse to the District, are not a pledge of, and do not involve the faith and credit or the taxing power of the District (other than Real Property Transfer Taxes and Deed Recordation Taxes allocated to the Allocated Fund and deposited with the Trustee). The Bonds shall not constitute a debt of the District, and shall not constitute lending of the public credit for private undertakings as prohibited by the Home Rule Act. The Bonds are payable from and are secured by a pledge of the Trust Estate, all of which shall, except as may be otherwise expressly authorized in the Indenture, be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds.

Collection of Deed Taxes

The amount of Deed Taxes collected will depend in part on (i) the number of real estate transactions subject to the Deed Taxes, (ii) the sales prices of real estate transactions subject to the Deed Taxes, and (iii) the efficiency with which the District levies and collects the Deed Taxes. In addition, economic conditions in the District of Columbia, including, in particular, the strength of the real estate market and the availability of credit for real estate transactions, may affect the amount of Deed Taxes generated. A declining real estate market in the District of Columbia therefore may reduce the amount of Deed Taxes generated because it may result in both fewer transactions and a decrease in the taxable sales prices of such transactions. Limited availability of credit for real estate transactions may reduce the amount of Deed Taxes generated in the District because it may result in fewer transactions.

There was a steep decline in the amounts of Deed Tax receipts transferred to the Housing Production Trust Fund in Fiscal Years 2008, 2009 and 2010, with significant improvement in Fiscal Year 2011 but further mild deterioration in Fiscal Year 2012. The decline in Fiscal Year 2012 was attributable to the continued weakness in the overall economy and an increasing degree of uncertainty regarding post-election federal budget actions. In Fiscal 2011, the number of large office building sales increased to 62 from 29 in Fiscal year 2010, a 113.8 percent increase. During the same time period, the average price for large commercial office building sales increased 22.7 percent in Fiscal 2011 from fiscal 2010. However, in Fiscal 2012, the number of large office building sales decreased to 51, a 17.7 percent decrease. And during the same time period, the average price for large commercial office building sales decreased 35.6 percent in Fiscal 2012 from Fiscal 2011. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Security for the Series 2012 Bonds" herein for an overview of real estate transactions in the District of Columbia and actual and projected Deed Tax transfers to the Housing Production Trust Fund during recent years.

Tax Rates

The Real Property Transfer Tax and the Deed Recordation Tax are currently imposed at the rate of 1.45% (except for residential properties transferred for a consideration less than \$400,000, for which the tax rate is 1.10%). From 2002 to 2012, those tax rates have varied from 1.10% to 1.50%. The District could determine to lower such tax rates, which action, assuming a constant volume of real property transfers and deed recordations and static price levels, would result in a reduction in the collection of Deed Taxes and the corresponding Allocated Fund Deposit. The District's covenant in the Indenture and

described herein governs the percentages of the Real Property Transfer Tax and the Deed Recordation Tax that are deposited into the Allocated Fund, but does not restrict the District in determining what rate those taxes impose.

Although the Council of the District of Columbia has the power to decrease tax rates, the prohibition in the United States Constitution on the impairment by states of the obligation of contracts, which is made applicable to the District by the Home Rule Act, would, in the opinion of the District's Attorney General, prevent the Council from decreasing tax rates to a point at which projected Deed Tax revenues would be insufficient to meet debt service on the Series 2012 Bonds.

Cap on Transfer

The HPTF Act provides that “the total amount of funds allocated annually to pay debt service on bonds . . . [issued pursuant to the HPTF Act, including the Series 2007A Bonds, the Series 2010 Bonds, and the Series 2012 Bonds,] shall not exceed \$16 million.” If (i) Additional Bonds are issued and the aggregate annual debt service on all Bonds then Outstanding equals or is close to the \$16 million limit imposed by the HPTF Act and (ii) the Debt Service Reserve Fund is needed to pay debt service on the Bonds in a given year, in the following years the amounts transferred annually from the Allocated Fund to the Revenue Fund may not be sufficient to both pay aggregate annual debt service on the Bonds and replenish the Debt Service Reserve Account.

No Acceleration or Early Redemption Upon Loss of Tax Exemption

THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS ARE NOT SUBJECT TO IMMEDIATE ACCELERATION OR REDEMPTION, AND THE RATES OF INTEREST ON THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS ARE NOT SUBJECT TO RETROACTIVE ADJUSTMENT, BY REASON OF THE INTEREST ON THE SERIES 2012A BONDS OR THE SERIES 2012B BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION.

As discussed under “TAX MATTERS” herein, interest on the Series 2012A Bonds and/or the Series 2012B Bonds could be, or become, includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012A Bonds or the Series 2012B Bonds as a result of a failure of the District to comply with certain provisions of the Code, the Treasury regulations promulgated thereunder, and certain other guidance issued by the IRS and courts.

In addition, with respect to the Series 2012B Bonds, interest on such Bonds could be, or become, includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012B Bonds if the District or a Series 2012B Borrower (or any subsequent owner of the portions of the Northwest One New Communities Project, Lincoln Heights/Richardson Dwellings New Communities Project, and Barry Farm/Park Chester/Wade Road New Communities Project financed by the Series 2012B Bonds), as applicable, does not comply with the provisions of the Series 2012B Tax Certificate of the District, a Series 2012B Proceeds Certificate and a Series 2012B Regulatory Agreement, which are designed, if complied with, to satisfy the continuing compliance requirements the Internal Revenue Code of 1986, as amended (the “Code”), in order for the interest on the Series 2012B Bonds to be excludable from gross income for purposes of federal income tax.

Enforceability of Remedies

The remedies available to the Trustee and the owners of the Series 2012 Bonds upon an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions that are

often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Limited Secondary Market

Investment in the Series 2012 Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Series 2012 Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Series 2012 Bonds or, if a secondary market exists, that the Series 2012 Bonds can or could be sold for any particular price.

LITIGATION

There is no litigation pending against the District in any court or, to the knowledge of the Attorney General for the District of Columbia, threatened, which may have the effect of restraining or enjoining the issuance, delivery, or payment of the Series 2012 Bonds, which would adversely affect the obligations of the District or the Mayor under the Series 2012 Bonds or the performance of the obligations of the District or the Mayor under the Series 2012 Bonds, which contests the District entering into any agreement entered into in connection with the authorization, issuance, or sale of the Series 2012 Bonds or which in any way contests or may call into question the validity or enforceability of the Series 2012 Bonds.

TAX MATTERS

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2012 Bonds (A) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except interest on any Series 2012B Bond for any period during which it is held by a “substantial user” or a “related person,” as those terms are used in Section 147(a) of the Code, and (B) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the Series 2012 Bonds and the interest thereon are exempt from District taxation, except estate, inheritance and gift taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2012 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District and the Series 2012B Borrowers contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2012 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the certifications and representations of the District or the Series 2012B Borrowers or the continuing compliance with the covenants of the District or the Series 2012B Borrowers.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable

regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the District, with respect to the Series 2012 Bonds, or by the Series 2012B Borrowers, with respect to the Series 2012B Bonds, may cause loss of such status and result in the interest on the Series 2012 Bonds or the Series 2012B Bonds, respectively, being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012 Bonds. The District has covenanted, and the Series 2012B Borrowers have covenanted or will covenant, to take the actions required of it or each of them for the interest on the Series 2012 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2012 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds or the market value of the Series 2012 Bonds.

A portion of the interest on the Series 2012A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2012 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2012 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2012 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Council of the District. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2012 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2012 Bonds will not have an adverse effect on the tax status of interest on the Series 2012 Bonds or the market value or marketability of the Series 2012 Bonds. These adverse effects could result, for example, from changes to federal or District income tax rates, changes in the structure of federal or District income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2012 Bonds from gross income for federal or District income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year

2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Series 2012 Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2012 Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Series 2012 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2012 Bonds, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Series 2012 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2012 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2012 Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Series 2012 Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2012 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2012 Bonds ("Premium Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond,

the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

FINANCIAL ADVISORS

CSG Advisors Incorporated, San Francisco, California ("CSG"), and First Southwest Company, Dallas, Texas ("First Southwest"), serve as financial advisors to the District with respect to the issuance of the Series 2012 Bonds (collectively, the "Financial Advisors"). In connection with the issuance of the Series 2012 Bonds, the Financial Advisors have provided certain services to the District and have assisted in the preparation of this Official Statement. The Financial Advisors have not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement. CSG is an advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

The Financial Advisors do not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2012 Bonds, or the possible impact of any present, pending, or future actions taken by the legislature or judicial bodies.

The Financial Advisors' fees for services rendered with respect to the sale of the Series 2012 Bonds are contingent upon the issuance and delivery of the Series 2012 Bonds.

LEGAL INVESTMENT IN DISTRICT OBLIGATIONS

Section 486 of the Home Rule Act (D.C. Official Code § 1-204.86) provides that, notwithstanding any restriction on the investment of funds by fiduciaries contained in any other District law, domestic insurance associations, executors, administrators, guardians, trustees and other fiduciaries within the District of Columbia may legally invest any sinking funds, moneys, trust funds or other funds belonging to them or under or within their control in any bond issued in accordance with the Home Rule Act. Section 486 of the Home Rule Act also provides that all federal building and loan associations and federal savings and loan associations and banks, trust companies, building and loan associations and savings and loan associations, domiciled in the District of Columbia, may purchase, sell, underwrite, and deal in, for their own account or for the account of others, all bonds issued in accordance with the Home Rule Act.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2012 Bonds will be subject to the approving opinion of Squire Sanders (US) LLP, Washington, D.C., Bond Counsel to the

District, which will be furnished at the expense of the District upon delivery of the Series 2012 Bonds in substantially the form set forth as APPENDIX D.

Certain legal matters will be passed on for the District by the Office of the Attorney General and for the Underwriters by their co-counsel, Bryant Miller Olive P.C., Washington, D.C., and Graves, Horton, Askew & Johns, LLC, Washington, D.C. Disclosure Counsel to the Edwards Wildman Palmer LLP, Washington, D.C., will deliver an opinion to the District and the Underwriters regarding certain matters.

Orrick, Herrington & Sutcliffe LLP is serving as special transaction counsel to the District.

CONTINUING DISCLOSURE

The District will undertake in a Continuing Disclosure Agreement to assist the Underwriters in complying with the provisions of Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission, by providing annual financial information, operating data and material event notices required by the Rule. As described in APPENDIX F, such undertaking requires the District to provide only limited information at specified times. Digital Assurance Certification, L.L.C., is disclosure dissemination agent for the District.

The District is required to provide, by no later than five months after the end of its Fiscal Year (i.e., by March 1), financial information and operating data on an annual basis pursuant to continuing disclosure agreements entered into in connection with prior issuances of bonds. That financial information and operating data is contained in the District’s Comprehensive Annual Financial Report (“CAFR”), and accordingly the District satisfies its continuing disclosure agreements by filing its annual CAFR. The Fiscal Year 2007 CAFR was not released until March 31, 2008, and was provided to the national repositories at that time. The District notified the national repositories that the annual filing of the Fiscal Year 2007 CAFR would be delayed. The District has otherwise complied with its continuing disclosure agreements during the past five years.

RATINGS

Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned ratings of “A” and “A1” respectively, to the Series 2012 Bonds, and the outlook for each such rating is “stable.” A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the rating agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2012 Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of the ratings may be obtained from Fitch Ratings, One State Street Plaza, New York, New York; and Moody’s Investors Service, Inc., 7 World Trade Center, New York, New York. Such ratings may be changed at any time and no assurance can be given that they will not be revised, downgraded or withdrawn entirely by any such rating agencies. Any such downgrade, revision or withdrawal of a rating may have an effect on the market price of or market for the Series 2012 Bonds.

UNDERWRITING

The underwriters identified on the cover of this Official Statement (the “Underwriters”) have agreed to purchase the Series 2012 Bonds from the District at an aggregate price of \$40,928,232.77, reflecting the principal amount of the Series 2012 Bonds of \$39,585,000, plus an aggregate net premium of \$1,686,984.95, less an underwriter’s discount of \$343,752.18.

The obligation of the Underwriters to purchase the Series 2012 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement relating to the Series 2012 Bonds, dated November 20, 2012, between the District and the Underwriters. The Series 2012 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering prices, and such initial offering prices may be changed from time to time, by the Underwriters.

M.R. Beal & Company has entered into an agreement (the “Distribution Agreement”) with TD Ameritrade, Inc. for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to the Distribution Agreement (as applicable for this transaction), M.R. Beal & Company will share a portion of its underlying commission with respect to the transaction with TD Ameritrade, Inc.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2012 Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

EXECUTION OF OFFICIAL STATEMENT

This Official Statement has been approved by the District for distribution to prospective purchasers of the Series 2012 Bonds.

DISTRICT OF COLUMBIA

By: /s/ Natwar M. Gandhi
Natwar M. Gandhi
Chief Financial Officer

APPENDIX A

THE DISTRICT

THE GOVERNMENT OF THE DISTRICT OF COLUMBIA

Creation and Charter

The District of Columbia was created in 1791 by act of the United States Congress (the “Congress”) and Presidential proclamation and has served as the capital of the United States of America since 1800. Under Article I, Section 8 of the United States Constitution, Congress has exclusive legislative authority over the District as the Nation’s Capital. Since January 2, 1975, the District has been governed in accordance with the District of Columbia Home Rule Act, Pub. L. 93-198, an Act of Congress signed by the President of the United States (the “President”) on December 24, 1973, as amended (the “Home Rule Act”). Under the Home Rule Act, the District is governed by an elected Mayor and an elected Council. With limited exceptions, including the payment of debt service, the District may not obligate or expend funds absent annual Congressional appropriation.

The District is a unique governmental entity, combining state, county, and municipal characteristics. Functions performed by the District government include public safety, police, fire, corrections, consumer and business regulatory affairs, public works (highways, streets and traffic control, and sanitation), human services (health, welfare, and employment assistance), leisure services (recreation and libraries), economic development (planning, zoning, urban renewal, and housing), public education, and general administration. The District and its instrumentalities also operate a university, a stadium and armory complex, a convention center, a water and sewer system and a lottery.

Organization of the District Government

Legislative Branch. The legislative powers granted to the District by the Home Rule Act are vested in the Council of the District of Columbia (the “Council”), which consists of 13 members elected on a staggered basis for four-year terms. The Chairman of the Council and four members are elected on an “at-large” basis, and each of the eight wards of the District elects one member.

The legislative powers granted to the Council by the Home Rule Act extend to all rightful subjects of legislation within the District consistent with the United States Constitution and the Home Rule Act, and include the authority to pass laws, create and abolish any office (subject to certain protections applicable to the Office of the Chief Financial Officer pursuant to the Home Rule Act; see below), agency, or instrumentality of the District, define the duties of such offices, agencies, and instrumentalities, and conduct investigations into matters relating to the affairs of the District. Acts of the Council are subject to approval by the Mayor. In the event of a Mayoral veto, the Council may override the veto by a two-thirds vote. Except for emergency legislation, acts authorizing general obligation revenue anticipation notes, and acts authorizing the renewal or refunding of bond anticipation notes, all acts of the Council are subject to a period of Congressional review before they take effect.

The power of the Council to enact certain taxes or pass other legislation is subject to certain limitations set forth in the Home Rule Act. For instance, the Council cannot enact legislation that would tax, directly or at the source, the income of any individual who is not a resident of the District, or would permit the building of structures within the District that would exceed in height above the sidewalk, the width of the street, avenue or highway in its front, increased by 20 feet.

Judicial Branch. The judicial power of the District is vested in a Superior Court and a Court of Appeals (the “Courts”). The Superior Court has jurisdiction of any civil action or other matter (at law or in equity) brought in the District of Columbia and of any criminal case under any law applicable exclusively to the District. The Superior Court has no jurisdiction over any civil or criminal matter over which a United States court has exclusive jurisdiction pursuant to an Act of Congress. The Court of Appeals has jurisdiction of appeals from the Superior Court and, to the extent provided by law, to review orders and decisions of the Mayor, the Council, or any agency of the District. Generally, the President nominates judges of the Courts from a list of candidates recommended by the District of Columbia Judicial Nomination Commission, and, with the advice and consent of the United States Senate, the President appoints the judges of the Courts. The federal government funds the operating and capital costs of the Courts; however, the Courts manage themselves.

Executive Branch. The Mayor, as the chief executive officer of the District under the Home Rule Act, is responsible for the proper execution of laws and administration of the District’s affairs. Executive functions include supervision and direction of the District’s administrative boards, offices, and agencies, administration of the District’s financial affairs through appointment of the Chief Financial Officer (the “CFO”), administration of personnel matters, central municipal planning, making legislative proposals to the Council, and similar matters. The Mayor also has the authority to veto legislation adopted by the Council. The Mayor is assisted in these duties by a City Administrator, who serves as the chief administrative officer of the District. The City Administrator is appointed by the Mayor and serves at the pleasure of the Mayor.

In addition to the City Administrator, the Mayor is assisted by a Deputy Mayor for Planning and Economic Development, a Deputy Mayor for Education, a Deputy Mayor for Health and Human Services, and a Deputy Mayor for Public Safety and Justice.

The Home Rule Act requires the Mayor to prepare and submit to the Council an annual budget, including, among other things, the budget for the forthcoming fiscal year, a multiyear plan for all agencies and all sources of funding, a multiyear capital improvement plan, a performance report comparing actual performance to goals, an issue analysis statement, and a summary of the budget for public distribution. Once the Council has approved the budget, the Mayor forwards the budget to the President for submission to Congress.

The Mayor is elected to a four-year term. If there is a vacancy in the office of the Mayor, the Chairman of the Council serves as Acting Mayor until a special election for a new Mayor is held.

Office of the Chief Financial Officer. The CFO has primary responsibility for oversight of the District’s budgetary and financial records, activities, and transactions, including the supervision and administration of all borrowing programs of the District for the issuance of long-term and short-term indebtedness.

The CFO is responsible for supervising the activities of the District Treasurer, supervising and administering the District’s borrowing, administering cash management, administering the District’s payroll and retirement systems, governing the District’s accounting policies and systems, preparing certain reports on the District’s accounting and financial operations, preparing a comprehensive financial management policy for the District, and preparing the financial statements and reports on the District’s activities required by the Home Rule Act. The CFO also must prepare annual estimates of all revenues of the District for use in the District’s budget and quarterly re-estimates of revenues, supervise and assume responsibility for financial transactions to ensure adequate control of revenues and resources and that appropriations are not exceeded, maintain systems of accounting and internal control, supervise and assume responsibility for levying and collecting all taxes, fees and other revenues, maintain custody of all

public funds and all investments and invested funds, and assist the Inspector General of the District of Columbia (the “Inspector General”) in developing internal audits of accounts, operations and records of the District. In addition, the CFO is required to prepare and submit to the Mayor, for inclusion in the annual budget of the District, annual estimates of expenditures and appropriations necessary for the operation of the Office of the CFO. The Mayor is required to forward all such estimates to the Council without revision, but the Mayor may attach his or her recommendations. The Council may comment upon or make further recommendations concerning such estimates, but it has no authority to revise those estimates.

The CFO oversees the Office of Finance and Treasury, the Office of Financial Operations and Systems, the Office of Budget and Planning, the Office of Tax and Revenue, the Office of Finance and Resource Management, the Office of Revenue Analysis and the District of Columbia Lottery and Charitable Games Control Board. Moreover, personnel performing financial functions in the District’s various agencies that carry out the government’s operating and management functions report to the CFO.

The Mayor, with the advice and consent of the Council, appoints the CFO. Upon confirmation by the Council, the appointment is submitted to the Committees on Appropriations of the Senate and the House of Representatives (the “House”), the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House for a 30-day period of review and comment before the appointment takes effect. The CFO may be dismissed from office for cause by the Mayor and approval of that dismissal by a two-thirds vote of the Council. Upon approval of that dismissal by the Council, notice of the dismissal must be submitted to the Committees on Appropriations of the Senate and the House, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House for a 30-day period of review and comment before the dismissal takes effect.

Upon completion of the required 30-day review by Congress, the Mayor’s appointment of the CFO, Natwar M. Gandhi, Ph.D., became effective for a five-year term commencing on July 1, 2012 and ending on June 30, 2017.

Inspector General. The Inspector General is charged with conducting independent fiscal and management audits of District government operations, among other duties. The Inspector General must contract for an outside audit of the complete financial statements and report on the activities of the District for each fiscal year, and establish an annual plan for audits of District programs during the fiscal year. The Inspector General may issue subpoenas relating to any matter under investigation and has the right to access all necessary District records relating to an investigation. Whenever the Inspector General has reasonable grounds to believe that there has been a violation of federal or District criminal law, he or she is required to report the matter expeditiously to the Attorney General of the United States.

The Mayor appoints the Inspector General with the advice and consent of the Council for a six-year term. The Inspector General is subject to removal only for cause by the Mayor with the advice and consent of the Council. Neither the Mayor nor the Council may revise the proposed budget for the Office of the Inspector General (“OIG”), but they may make recommendations to Congress regarding the proposed budget.

District Auditor. The District of Columbia Auditor (the “District Auditor”) is appointed for a term of six years and is responsible for an annual audit of the District’s accounts and operations. The District Auditor is appointed by the Chairman of the Council, subject to the approval of a majority of the Council. The District Auditor is required to submit audit reports and recommendations to the Council, the Mayor and the Congress. The District Auditor has access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit. The Mayor is

required to state in writing to the Council what action he or she has taken to effectuate the recommendations made in the District Auditor's reports.

The District Auditor is also required to certify the Mayor's estimate of local revenues for purposes of the general obligation bond debt limitation.

Recent Events

In addition to the investigative audits (including both routine periodic audits and special audits) conducted by the District's Office of the Inspector General, the District of Columbia Auditor and the District's outside auditors, the Office of the Chief Financial Officer in 2003 created on its own initiative an Office of Integrity and Oversight (OIO) for the purpose of conducting regular audits of OCFO operations, identifying those operational procedures and processes that need to be modified, updated or strengthened, recommending appropriate changes and monitoring the implementation of those changes.

Recently, press reports criticized the non-release of an OIO audit that had concluded incorrectly that there was no audit trail of changes senior managers made to real property assessments when those managers approved or rejected the proposed actions of other managers. An amended report corrected the initial report to confirm that there was such an audit trail. The City Council conducted a hearing on October 10, 2012, in connection with the OIO audits and the OIO director's resignation, at which no improper actions were found but during which concerns were expressed about additional ways to strengthen the process. On October 16, 2012, the City Council adopted emergency legislation directing submission to the Mayor and City Council of: (1) all OIO audits and reports within 15 days of completion; (2) a list of all incomplete or on-going audits quarterly; and (3) the annual audit plan on each October 1. In addition, OCFO is required to post all completed audits and reports on the OCFO website within 15 days of completion.

On October 22, 2012, the OCFO received an "informal inquiry request" letter from the staff of the Municipal Securities and Public Pensions Fund Unit of the Division of Enforcement of the Securities and Exchange Commission requesting, in principal part, copies of all audits, inspections, reviews, and investigations (including drafts) conducted by the OIO during the period January 1, 2010 through October 19, 2012, related or referring to the OCFO's Offices of Finance and Treasury, Tax and Revenue, and Financial Operations and Systems. The District intends to fully cooperate with such request.

There are no current audit reports, draft audit reports being reviewed by the OCFO, or active investigations, prepared or conducted by OIO, the Office of the Inspector General, or the District Auditor, relating to the collection or redemption of the Pledged Revenues.

THE DISTRICT AND THE FEDERAL GOVERNMENT

Congressional Authority

Notwithstanding the Home Rule Act's delegation to the District of authority for self-government, Congress reserves the right to exercise its Constitutional authority as the legislature for the District by enacting legislation on any subject, whether within or without the scope of legislative power granted to the Council by the Home Rule Act, including legislation to amend or repeal any law in force in the District prior to or after enactment of the Home Rule Act and any act passed by the Council. Such legislative authority is subject to Constitutional limitations on the powers of the United States government.

The Home Rule Act provides, with exceptions for emergency legislation, acts authorizing general obligation revenue anticipation notes, and acts authorizing the renewal or refunding of bond anticipation notes, that no act passed by the Council and approved either by the Mayor or through veto override by the Council shall take effect until the expiration of a period of 30 legislative days (for acts on civil matters) or 60 legislative days (for acts on criminal matters) after transmittal to Congress. During such periods, Congress and the President may disapprove an act of the Council by enacting a joint resolution of Congress approved by the President, in which event the act will not become effective. Congress, from time to time, at the request of the District, has enacted legislation waiving the legislative layover period for certain District legislation.

Disapproval of an act of the Council by Congress has occurred infrequently. Congress has made revisions to the District's budget as adopted by the Council, and generally has conditioned its approval of the District's budget on compliance by the District with a variety of Congressional mandates.

Federal Funding

The federal government assumes the costs of certain District state-like functions, such as the Courts, that do not appear in the District's budget. The federal government also provides revenues to the District for other functions and for certain programs, such as Medicaid, school improvement and the Tuition Assistance Grant program, which do appear in the District's budget. In fiscal year 2011, the District directly received federal revenues in the total aggregate amount of approximately \$3.3 billion. See Table 1 below and Exhibits 2-b and 2-d, and Notes 9 and 13 to the FY 2011 Financial Statements.

The federal government also provides many services required for its own operations within the District of Columbia or for the benefit of visitors to the Nation's Capital. The federal government operates and maintains its own buildings, national monuments and parks, and it provides financial support to visitor attractions such as the National Gallery of Art, the Smithsonian Institution, and the National Zoo. The federal government also maintains special police forces and guard services to protect the White House, the Capitol, the Supreme Court, other federal facilities and foreign embassies and missions.

Federal funding received by the District could be adversely affected by implementation of certain provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the "Budget Control Act"), which was signed into law by the President on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration - a unique budgetary feature of the Budget Control Act - has been triggered. If no legislative action is taken by Congress, sequestration would be implemented beginning on January 2, 2013, and would result in automatic cuts to federal spending in designated agencies and programs of \$1.2 trillion. These federal spending cuts would be spread evenly over fiscal years 2013 through 2021. Sequestration could adversely affect the availability of certain federal funds typically received annually by the District. Portions of certain federal programs, including Medicaid and federal aid to highways to the extent otherwise subject to obligation limitations, are currently exempt from sequestration. The District does not know at this time if sequestration will, in fact, be implemented, if implemented, what impact, if any, it may have on federal funds received by the District or whether any current exemptions may be modified. If sequestration is implemented as currently written, the District estimates a potential reduction of about \$39 million per year of federal grant revenues. The effect on fiscal year 2013 might be less because the sequestration would take effect after the fiscal year has already begun and some grants, especially education grants, might have already been made to the District. Even if sequestration is not implemented as currently written, the District may face reduced federal grant awards in future years as a result of overall efforts to control federal spending. The reduction to federal grant revenues is a separate issue from the estimated effects of sequestration, or other potential federal

cutbacks, on the District’s local funds revenues as a result of reduced federal activity in the District of Columbia and the region.

The Home Rule Act requires the CFO to submit quarterly estimates of all revenues of the District to the Mayor and Council. The table below shows the most recent revenue estimates for the District for fiscal years 2012-2016. In general, the revenue estimates reflect additional revenue in fiscal year 2012 from an estate tax windfall (\$50 million), higher than expected withholding tax collections (\$50 million), and \$23 million from sales taxes. On the other hand, due to the uncertainties regarding possible federal cutbacks, including federal sequestration, and uncertainties regarding the international, national and local economies, the forecasts for fiscal years 2013-2016 have been kept relatively constant.

Local Source, General Fund Revenue Estimates

(\$ 000,000s)

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fiscal Year 2012 Approved Budget (August 2011) ⁽¹⁾	5,430.6	5,672.9	5,827.5	5,966.8	—
February 2012 Revenue Estimate	5,704.9	5,763.0	5,867.0	6,007.1	6,164.7
June 2012 Revenue Estimate	5,723.7	5,865.1	5,957.0	6,095.2	6,250.6
September 2012 Revenue Estimate	5,863.2	5,865.1	5,957.0	6,095.2	6,250.6

1. A revenue estimate for fiscal year 2016 was not included in the Fiscal Year 2012 Approved Budget.

Federal Direct Subsidy Payments. Sequestration may have an effect on Direct Subsidy Payments received from the Secretary of the United States Department of the Treasury with respect to bonds issued as “build America bonds” or “qualified school construction bonds” (collectively, the “Tax Credit Bonds”) under ARRA (defined below). The District has issued approximately \$1.05 billion aggregate principal amount of Tax Credit Bonds. The Office of Management and Budget has projected that budget cuts related to sequestration could amount to a 7.6% reduction in Direct Subsidy Payments for the remainder of fiscal year 2013, which would result in approximately \$1.5 million of federal funds not being available to pay debt service on the District’s outstanding Tax Credit Bonds. However, the District cannot predict how the actual sequestration process, if implemented, will affect Direct Subsidy Payments due to the District. Direct Subsidy Payments are also subject to offset against certain amounts that may, for unrelated reasons, be owed by the District to an agency of the government of the United States of America.

Federal Revenues, by Category
Fiscal Year 2011
(\$000)

Recovery Act (ARRA), Stabilization ⁽¹⁾	Operating,	Budget	\$ 92,785
Pension Contributions ⁽²⁾			491,690
Federal Payments in the District’s Budget, Operating			126,155
Federal Payments in the District’s Budget, Capital			<u>0</u>
Federal Payments (non-ARRA):			617,845
Federal Operating Grants (not including ARRA budget stabilization)			2,389,749
Federal Capital Grants (ARRA and non-ARRA)			<u>172,964</u>
Total			<u>\$3,273,343</u>

1. This portion of ARRA revenues consists of State Fiscal Stabilization Funds and the revenue associated with the enhanced Federal Medicaid Assistance Percentage and the enhanced Title IV match. Other ARRA grant revenues are included in the line labeled “Federal Operating Grants (not including ARRA budget stabilization).”
2. Pension contributions do not pass through the District’s budget. Pension contributions are for Police, Firefighter, and Teacher Retirement Funds, for liabilities the federal government assumed through the National Capital Revitalization and Self-Government Improvement Act of 1997, Pub. L. 105-33.

Sources: District’s Fiscal Year 2011 CAFR and reports from the District’s financial system.

American Recovery and Reinvestment Act of 2009. On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (“ARRA”), a national economic stimulus bill. For fiscal years 2009 through 2011, the District estimates that it has benefited directly and indirectly from approximately \$1.26 billion of net federal ARRA expenditures. Included in this total are amounts from State Fiscal Stabilization Funds (“SFSF”), Medicaid Federal Medical Assistance Percentage (“FMAP”) increases, federal operating grants, federal capital grants, unemployment trust funds, and funding for the District of Columbia Water and Sewer Authority (“DC Water”), the Washington Metropolitan Area Transit Authority and the District of Columbia Housing Authority.

In fiscal year 2009, the District received approximately \$178 million of ARRA-related contributions to its operating and capital funds. The District received approximately \$446 million in ARRA-related awards in fiscal year 2010 and approximately \$215 million in ARRA-related awards in fiscal year 2011. Because the SFSF funds and the FMAP increase have expired, ARRA funds will be significantly lower from fiscal year 2012 forward.

Federal Payments. The federal government provides the District with federal payments to pay for certain specified purposes, such as school improvements and the Tuition Assistance Grant program. The District received federal payment revenues in the amount of approximately \$173 million in fiscal year 2009, \$151 million in fiscal year 2010, \$126 million in fiscal year 2011, and \$93 million (approved) in fiscal year 2012. In addition to this amount, the federal government contributed approximately \$400

million for certain retirement programs for District employees in fiscal year 2009, \$519 million in fiscal year 2010, and \$492 million in fiscal year 2011, which amounts were paid directly by the federal government and were not part of the District's budget.

Federal Grants. The District, similar to most states, participates in a number of federal programs that are funded through formula and project grants, direct payments for specified and unrestricted use, food stamps and other pass-through grants and direct and guaranteed loans. The federal government provided federal operating grants to the District (other than the SFSF and FMAP increases within ARRA) in the amount of approximately \$2.1 billion in fiscal year 2009, \$2.2 billion in fiscal year 2010, \$2.4 billion in fiscal year 2011, and a budgeted \$2.5 billion in fiscal year 2012. Capital grants to the District, which are used to purchase or construct fixed assets, such as land, utility plants, buildings and equipment, totaled approximately \$152.6 million for fiscal year 2009, \$244.3 million in fiscal year 2010, \$173.0 million in fiscal year 2011, and a budgeted \$143.2 million in fiscal year 2012, nearly all of which were United States Highway Trust Fund moneys provided for public infrastructure improvements.

The District is working with the U.S. Department of Housing and Urban Development to resolve issues with respect to Community Development Block Grant (CDBG) funds received by the Department of Housing and Community Development (DHCD) over a nine-year period. About \$28.7 million of CDBG funds might be at issue, less than 10 percent of total CDBG funds and associated program income that exceeded \$390 million over the relevant years. While the possibility exists that the District might have to repay some or all of these funds, no request for payment has been made, and if such a request were to come, the District would be able to make an appeal to reduce or eliminate the amount. The District did not make any repayments related to this issue in fiscal year 2012.

The Authority

Pursuant to the District of Columbia Financial Responsibility and Management Assistance Act of 1995, Pub. L. 104-8, as amended (the "Authority Act"), the District of Columbia Financial Responsibility and Management Assistance Authority (the "Authority") was established. Without repealing the District's Mayor/Council government structure, the Authority Act granted the Authority substantial powers over the financial activities and management operations of the District government during any "Control Period" and "Control Year" as defined in the Authority Act. The Authority Act defined the initial Control Period as commencing in 1995 on the effective date of the Authority Act and terminating only upon specific statutory findings of the Authority regarding the financial condition of the District. The initial Control Period terminated on February 14, 2001, upon certification by the Authority on that date, and the Authority, pursuant to law, suspended its activities on September 30, 2001. Under the provisions of the Authority Act, a new Control Period will be initiated if: (i) the Mayor seeks a U.S. Treasury advance; (ii) the District defaults with respect to any loan, bond, note, or other form of borrowing; (iii) the District fails to meet its payroll for any pay period; (iv) at the end of any quarter of any fiscal year, a cash deficit exists that exceeds the difference between the estimated District revenues and estimated District expenditures during the remainder of that fiscal year or the remainder of that fiscal year together with the first six months of the succeeding fiscal year; (v) the District fails to make required payments relating to pensions and benefits for current and former District government employees; or (vi) the District fails to make payments to any entity under an interstate compact to which the District is a signatory. If a new Control Period were to be initiated under the existing Authority Act, the Authority would be reconstituted and resume its full statutory powers.

SELECTED DEMOGRAPHIC INFORMATION

Overview

Although the District is primarily known as the Nation's Capital, it is also an international city, a cultural center, and the central city of the seventh largest metropolitan area in the United States. The District covers approximately 61 square miles and had a resident population of 617,996 as of July 1, 2011 according to U.S. Census Bureau estimates. The Washington primary metropolitan statistical area (the "PMSA") encompasses 20 jurisdictions in Maryland, Virginia and West Virginia, as well as the District.

As the Nation's Capital, the District is the seat of the three branches of the federal government and headquarters for most federal departments and agencies. In addition, the District is host to 206 foreign embassies and other recognized diplomatic missions. A number of international organizations, such as the International Monetary Fund, the World Bank, the World Health Organization, and the Organization of American States, have their headquarters in the District.

In 2011, approximately 16.1 million domestic visitors and 1.8 million international visitors traveled to the District. The District was the seventh most visited destination in the U.S. for international travelers in 2011. Visitors are attracted not only by the need to do business with the federal government and regional businesses but also by the national monuments, 350 historic sites, more than 50 museums, and other major cultural attractions. The John F. Kennedy Center for the Performing Arts, the National Gallery of Art, the Smithsonian Institution, and the Library of Congress are among the cultural institutions of international renown located in the District. In 2011, total visitor spending in the District was approximately \$6.03 billion.

The Washington, D.C. area has developed into a diverse economic region with federal government employment providing a base for significant expansions in services, aerospace, high technology, and communications, and as a site for corporate headquarters. The District is served by three airports (Ronald Reagan Washington National Airport, primarily for domestic flights, and Washington Dulles International Airport and Baltimore-Washington Thurgood Marshall International Airport for domestic and international flights), as well as passenger and freight rail networks and passenger buses.

Land and Land Use

The borders of the District were fixed originally by Presidential proclamation in 1791 and later amended by Acts of Congress in 1846, 1927, and 1945. The District by statute cannot annex land in surrounding jurisdictions.

Due largely to the presence of the federal government and the many other governmental and nonprofit organizations that maintain offices and facilities in the District, the majority of land in the District is exempt from real property taxation. The table below sets forth the relative percentages of land in the District devoted to various taxable and tax-exempt uses.

Land Uses by Tax Classification for Tax Year 2011

<u>USE</u>	<u>AREA</u>
<u>Tax Exempt</u>	
Federal tax-exempt	36%
Other tax-exempt	13%
District government	7%
<u>Taxable</u>	
Owner-occupied residential	36%
Commercial	8%
Vacant	0%
 TOTAL	 100%

Source: District of Columbia Office of Tax and Revenue.

Population

The U.S. Census Bureau estimated that the District of Columbia's population was 604,912 on July 1, 2010. The U.S. Census Bureau estimated that, as of July 1, 2011, the population of the District was 617,996. This represents a 2.2% increase in the population of the District over that one-year period.

Per capita personal income in the District consistently has been higher than all of the 50 States. In 2011, per capita personal income in the District was \$73,783, compared to \$41,560 for the United States as a whole, based on estimates by the U.S. Bureau of Economic Analysis. Based upon data collected by the U.S. Census Bureau from 2006 through 2010, median household income over that period for District residents was \$58,526, compared to \$51,914 nationwide. The high per capita and household incomes in the District result from a combination of factors, including multiple-earner households, small household size (average of 2.12 persons based upon data collected by the U.S. Census Bureau from 2006 through 2010), and a large percentage of college graduates employed in highly-skilled occupations. The District has a significant number of lower-income residents, with an average of 18.5% of the population below the poverty line, based upon data collected by the U.S. Census Bureau from 2006 through 2010. Also, based upon data collected by the U.S. Census Bureau from 2006 through 2010, an average of 86.5% of District residents age 25 or older are high school graduates, compared to 85.0% nationwide; 49.2% of District residents in the same age group had earned a bachelor's degree (or higher), compared to 27.9% nationwide.

Demographic Statistics

<u>Year</u>	<u>Population</u>	<u>Median Age</u>	<u>Per Capita Personal Income</u>		
	<u>D.C.</u>	<u>D.C.</u>	<u>D.C.</u>	<u>U.S.</u>	<u>% of D.C. to U.S.</u>
2007	574,404	34.9	\$65,329	\$39,506	165%
2008	580,236	34.9	\$70,686	\$40,947	173%
2009	592,228	35.1	\$68,093	\$38,637	176%
2010	604,912	33.9	\$71,220	\$39,791	179%
2011	617,996	33.4	\$73,783	\$41,560	178%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, except for Median Age, which was obtained from the U.S. Department of Commerce, U.S. Census Bureau.

Sources of Income of District Residents⁽¹⁾

<u>Source of Income</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net earnings	73.57%	72.83%	74.94%	75.30%	75.25%
Dividends, interest, and rents	15.78%	16.70%	13.25%	12.17%	12.15%
Transfer payments ⁽²⁾	10.65%	10.47%	11.81%	12.53%	12.60%

1. Each of the years listed in this table is a calendar year.
2. Transfer payments consist largely of government benefits received by individuals, including retirement and disability insurance benefits (e.g., workers' compensation), medical benefits (e.g., Medicare), income maintenance benefits (e.g., Supplemental Security Income benefits, family assistance payments and food stamps) and unemployment insurance compensation.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Personal Income Tax Filers and Liability by Income Level (2011)

<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total Filers</u>	<u>Percentage of Total Income Taxes</u>
\$100,001 and higher	51,407	15.48%	71.10%
\$75,001 - \$100,000	24,515	7.38	8.72
\$50,001- \$75,000	43,709	13.17	9.63
\$25,001- \$50,000	79,131	23.84	8.29
\$10,001 - \$25,000	67,304	20.27	2.09
\$10,000 and lower	<u>65,921</u>	<u>19.86</u>	<u>0.17</u>
	331,987	100.00%	100.00%

Source: District's Fiscal Year 2011 CAFR; Statistical Section (unaudited), Exhibit S-2H.

Employment and Industry

Employment. The following statistics are based on estimates by the U.S. Bureau of Labor Statistics and are not seasonally adjusted. In September 2012, total resident employment in the PMSA was 3,058,324 (preliminary data), and total resident employment in the District was 330,155 (preliminary data), which is 10.8% of the PMSA total.

The District's large service sector accounted for 721,800 (preliminary data) jobs located in the District as of September 2012. Public sector employment in the District, which stabilized District employment during the U.S. economic recession that began in December 2007, increased to an annual average of 247,700 jobs in fiscal year 2011. As of September 2012, public sector employment in the District had decreased to 244,400 (preliminary data) jobs.

Tourism. The convention and tourism industry that services the business traveler, conventioner and tourist is one of the District's core industries and is a major source of jobs and sales tax revenue.

The Convention Center opened in 2003 with the goal of increasing the District's desirability as a destination for business meetings and conventions. The Convention Center is approximately three times as large as the former convention center with approximately 2.3 million total square feet, including 725,000 square feet of exhibit space, 210,000 square feet for meeting space divisible into 66 rooms, and 44,000 square feet for retail space and street-level restaurants. The meeting space includes a 52,000 square foot ballroom which is one of the largest on the East Coast.

In October 2010, the WCSA issued approximately \$250 million in bonds to assist with the financing of the Washington Convention Center headquarters hotel development adjacent to the Convention Center, which includes the acquisition, development, construction and equipping of a hotel with approximately 1,170 rooms and suites, together with ancillary facilities customarily found in convention center hotels.

Universities. More than a dozen colleges and universities are located in the District of Columbia, including Georgetown University, The George Washington University, Howard University, The Catholic University of America, Gallaudet University, American University and the University of the District of Columbia. Other major universities in the PMSA include George Mason University and the University of Maryland.

Real Estate. In September 2012, there were 264 single family home sales (completed contracts) (11.1% less than the year before) with an average price of \$660,316 (22.6% higher than one year before) and 242 condo/co-op sales (completed contracts) (13.6% more than one year before) with an average price of \$404,195 (4.1% higher than one year before) in the District of Columbia. For the quarter ending September 2012, the commercial office space vacancy rate in the District of Columbia was 9.3% (including sublet space).

Outlook. Federal government employment and contracting provide a solid foundation for the District's economic base. Over the past year, the District's private sector continued to add jobs and is now about 25,000 greater than when the U.S. recession began in December 2007, with the largest gains occurring in education, health, hospitality and non-profit organizational. The outlook is for gains in the private sector to continue to offset reductions that may occur in federal government employment.

The tables below illustrate the growth and decline of various employment sectors over time, the largest private and non-profit employers in the District, and the change in employment over time for the District, the PMSA, and the nation.

Employment in the District of Columbia By Industry
(Annual Average Data)^{(1), (2), (3)}
(In Thousands)

<u>Calendar Year</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Federal Government	190.8	193.8	200.2	210.6	212.6
District Government	36.3	37.2	36.3	32.5	31.3
Public Transportation	3.9	3.8	3.8	3.8	3.8
Trade, Trans. & Utilities	27.7	27.9	26.8	27.3	27.2
Financial Activities	29.2	28.2	26.9	26.7	26.8
Professional & Business Services	152.8	152.4	147.6	147.7	150.1
Other private	253.1	260.6	260.2	263.3	276.0
Total Service-Providing	679.4	689.4	688.7	700.2	714.8
Total Goods-Producing	14.4	14.6	13.0	11.7	13.0
Total Non-Farm	693.8	703.9	701.7	711.9	727.8

1. Not seasonally adjusted. Data may not equal totals due to independent rounding. Industry classification is based on the North American Industry Classification System (NAICS).
2. Data includes all full-time and part-time employees who received pay for any part of the pay period that includes the 12th of the month.
3. Proprietors, self-employed individuals, unpaid family and volunteer workers, military personnel, internationally stationed workers, and private household workers are excluded.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Top 10 Private Sector Employers in the District ⁽¹⁾
(2010)

Georgetown University
The George Washington University
Washington Hospital Center
Children's National Medical Center
Georgetown University Hospital
American University
Howard University
Fannie Mae
The Catholic University of America
Providence Hospital

1. This table does not include the federal and local government as employers. Ranked by size of workforce. With the exception of Fannie Mae, all of the employers listed above are not-for-profit entities.

Source: District's Fiscal Year 2011 CAFR; Statistical Section (unaudited), Exhibit S-4B.

**Employment and Unemployment in the Civilian Labor Force
Washington, D.C., Washington PMSA and the United States**
(Annual Average Data; Not Seasonally Adjusted)

Washington, D.C.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	325,714	334,023	333,935	343,379	344,333
Number Employed	307,920	312,117	301,506	308,689	309,060
Number Unemployed	17,794	21,906	32,429	34,690	35,273
Unemployment Rate	5.5%	6.6%	9.7%	10.1%	10.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Washington, PMSA

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	2,973,242	3,037,839	3,077,157	3,133,388	3,172,532
Number Employed	2,885,656	2,925,311	2,887,283	2,934,926	2,988,595
Number Unemployed	87,586	112,528	189,874	198,462	183,937
Unemployment Rate	2.9%	3.7%	6.2%	6.3%	5.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

United States
(In Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Labor Force	153,124	154,287	154,142	153,889	153,617
Number Employed	146,047	145,362	139,877	139,064	139,869
Number Unemployed	7,078	8,924	14,265	14,825	13,747
Unemployment Rate	4.6%	5.8%	9.3%	9.6%	8.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment Rates⁽¹⁾

<u>Year</u>	<u>District</u>	<u>U.S.</u>
2007	5.5%	4.6%
2008	6.6%	5.8%
2009	9.7%	9.3%
2010	10.1%	9.6%
2011	10.2%	8.9%
September 2011	10.5% ⁽²⁾	8.8% ⁽²⁾
September 2012	8.8% ^{(3),(4)}	7.6% ⁽³⁾

1. Not seasonally adjusted. Annual rates are an average of monthly rates for the given year.
2. Seasonally adjusted monthly rate for September 2011.
3. Seasonally adjusted monthly rate for September 2012.
4. Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

APPENDIX B

DEFINITIONS OF CERTAIN TERMS

Certain terms used in the Indenture are defined below. Unless otherwise defined herein or the context clearly indicates otherwise, when such terms are used in this Official Statement they shall have the meanings set forth below. Any capitalized term used in this Official Statement regarding the Indenture and not defined herein shall have the meaning given such term by the Indenture.

“2 M Street Project” means the acquisition, construction and equipping of a multifamily rental housing project consisting of a 314 unit rental housing complex, which (a) may include other functionally related and subordinate facilities, (b) is part of the Northwest One New Communities Initiative and (c) is located in the Northwest One neighborhood of Ward 6 in the northeast quadrant of the District of Columbia at 2 M Street, N.E.

“4800 Nannie Helen Burroughs Project” means the acquisition, construction and equipping of a multifamily apartment building containing 70 units, which (a) may include other functionally related and subordinate facilities, (b) is part of the Lincoln Heights/Richardson Dwellings New Communities Initiative, and (c) is located at 4800 Nannie Helen Burroughs Avenue, N.E., in the Deanwood neighborhood of Ward 7 in the northeast quadrant of the District of Columbia.

“5201 Hayes Street, N.E. Project” means the acquisition, construction and equipping of one multifamily apartment building containing 150 units, which (a) may include other functionally related and subordinate facilities, (b) is part of the Lincoln Heights/Richardson Dwellings New Communities Initiative, and (c) is located in the Deanwood neighborhood of Ward 7 in the northeast quadrant of the District of Columbia at 5201 Hayes Street, N.E.

“Accounts” means the accounts created by the Indenture.

“Accumulation Account of the Debt Service Fund” or “Accumulation Account” means the Accumulation Account created by the Indenture.

“Additional Bonds” means any bonds issued by the District pursuant to the Indenture subsequent to the Series 2007A Bonds, including the Series 2010 Bonds and the Series 2012 Bonds.

“Additional Project” means any project undertaken by the District that is financed, refinanced or reimbursed pursuant to the Home Rule Act, the HPTF Act, and the Indenture by the District through the issuance of Additional Bonds.

“Aggregate Debt Service” means the aggregate amount of principal payments, interest payments and mandatory sinking fund redemption payments paid or payable in any Fiscal Year of the District pursuant to the Bond Documents, reduced by any proceeds of Bonds deposited pursuant to the Indenture or any Supplemental Indenture to pay principal of or interest on the Bonds.

“Allocated Fund” means the segregated sub-account of the HPTF that collects and holds the Allocated Fund Deposits received each Fiscal Year, commencing October 1, 2006.

“Allocated Fund Deposit” means the amount deposited each year in the HPTF Fund pursuant to §42.2802(c) of the HPTF Act and any modifications and amendments to such sections of the HPTF Act.

“Amended Indenture” means the Amended and Restated Indenture of Trust, dated as of August 1, 2010, between the District and the Trustee.

“Approval Resolution” means the Northwest One/Sursum Corda Cooperative Approval Resolution of 2006, D.C. Resolution No. 16-654, adopted by the Council of the District of Columbia on June 6, 2006 and the New Communities Initiative Bond Issuance Approval Resolution of 2008, D.C. Resolution No. 17-873, adopted by the Council of the District of Columbia on December 2, 2008.

“Arbitrage Rebate Fund” means the Arbitrage Rebate Fund created pursuant to the Indenture which shall be held for the benefit of the Bonds, but shall not be deemed a part of the Trust Estate, but which shall be held by the Trustee.

“Assign” or “Assigned” or “Assignment” means the District’s assignment of the Trust Estate, without recourse and without warranty, and delivery of the Trust Estate, to the Trustee.

“Authorized CFO Delegate” means the Chief Financial Officer or the Deputy Chief Financial Officer and Treasurer, or any officer or employee of the Office of the Chief Financial Officer to whom the Chief Financial Officer has delegated or to whom the foregoing individuals have sub-delegated any of the Chief Financial Officer’s functions.

“Authorized Delegate” means the Mayor or the Deputy Mayor for Planning and Economic Development, or any officer or employee of the executive office of the Mayor to whom the Mayor has delegated or to whom the foregoing individuals have sub-delegated any of the Mayor’s functions.

“Authorized Denomination” means, with respect to the Series 2012 Bonds, \$5,000 and any integral multiple of \$5,000.

“Authorizing Actions” means the Home Rule Act, the HPTF Act and the Approval Resolution.

“Barry Farm Recreation Center Project” means the acquisition, construction and equipping of a recreation center which includes an indoor gymnasium, an indoor pool, a multi-purpose field, basketball courts and other recreational facilities, and which (a) may include other functionally related and subordinate facilities, (b) is part of the Barry Farm/Park Chester/Wade Road New Communities Initiative, and (c) is located at 1230 Sumner Road, S.E., in the Anacostia area of Ward 8 in the District of Columbia.

“Barry Farm/Park Chester/Wade Road New Communities Project” means, individually and collectively, the financing, refinancing and reimbursing a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Barry Farm/Park Chester/Wade Road New Communities Project Area.

“Barry Farm/Park Chester/Wade Road New Communities Project Area” means the area located in the historic Anacostia area of Ward 8 in the District of Columbia, which is generally bounded by Suitland Parkway to the north, Martin Luther King, Jr. Avenue to the east, First Sterling Avenue to the west, and St. Elizabeth’s West Campus to the south.

“Beneficial Owners” means, when the Bonds are held by a Bond Depository, the Owner of any Bonds which are held for such Owner by a Bond Depository in the form of a Global Certificate.

“Bond” or “Bonds” means the Series 2012 Bonds, the Series 2010 Bonds, the Series 2007A Bonds and any Additional Bonds issued from time to time under the Indenture.

“Bond Counsel” means Squire Sanders (US) LLP, as bond counsel to the District, or such firm or firms of attorneys designated as such from time to time by the District with respect to the Bonds.

“Bond Depository” means The Depository Trust Company, its successors and assigns, and any other securities depository which meets the qualifications set forth in the Indenture.

“Bond Documents” means, collectively and individually, (i) with respect to the Series 2007A Bonds, the Series 2007A Bonds, the Indenture, the Grant Agreement, the Series 2007A Bond Purchase Agreement, the Series 2007A Preliminary Official Statement, the Series 2007A Official Statement, the Series 2007A Tax Certificate and Agreement, and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2007A Bonds, (ii) with respect to the Series 2010A Bonds, the Series 2010A Bond Documents, (iii) with respect to the Series 2010B Bonds, the Series 2010B Bond Documents, (iv) with respect to the Series 2010C Bonds, the Series 2010C Bond Documents, (v) with respect to the Series 2012A Bonds, the Series 2012A Bond Documents, (vi) with respect to the Series 2012B Bonds, the Series 2012B Bond Documents, and (vii) any document executed and delivered in connection with the issuance of Additional Bonds.

“Bond Payment Date” means any Interest Payment Date or any Sinking Fund Installment Date and any other date on which the principal of, premium, if any, or interest on the Bonds is to be paid to the Owners thereof (whether at maturity thereof, or by acceleration of maturity or after notice of redemption or purchase or prepayment or otherwise).

“Bond Program Expenses” means all costs, charges and expenses incurred by the District with respect to the implementation and administration of the Bond Documents and any transaction or event to be effected by the Bond Documents; and also the compensation of, reimbursement of expenses to, the attorneys fees of, and advances payable to, the Trustee, the Paying Agent, the Authenticating Agent and the Registrar.

“Bond Program Expenses Account of the Debt Service Fund” means the Bond Program Expenses Account created by the Indenture.

“Bond Program Expenses Account Requirement” means the amount equal to the projected annual Bond Program Expenses for the upcoming Fiscal Year.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated May 17, 2007, between the District and the Underwriter, with respect to the initial sale of the Series 2007A Bonds, and with respect to Additional Bonds, such Bond Purchase Agreement set forth in a Supplemental Indenture.

“Bond Year” means, with respect to the Series 2012 Bonds, the period beginning on the date of delivery of the Series 2012 Bonds and extending through to November 30, 2013, and each 12-month period beginning on December 1 and extending through November 30 thereafter.

“Bondholder” or “Holder” or “Holder of Bonds” or “holder of Bonds” or “Owner” or “Owner of Bonds” or “owner of Bonds” means the person in whose name any Bond is registered on the registration books maintained by the Registrar pursuant to the Indenture.

“Business Day” or “business day” means any day other than a day on which (i) banks located in each of the cities in which the Principal Offices of (a) the Trustee, (b) the Paying Agent, or (c) the Registrar or (ii) The New York Stock Exchange are authorized by law, regulation or executive order to be closed.

“Chief Financial Officer” means the Chief Financial Officer of the District of Columbia or an Authorized CFO Delegate.

“Closing Date” or “Closing” or “Issuance Date” means, with respect to any Series of Bonds, the date of original issuance and delivery of such Bonds.

“Code” means the Internal Revenue Code of 1986 and the applicable Treasury Regulations promulgated thereunder.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated December 6, 2012, between the Trustee and the District.

“Costs” means all items permitted to be financed, refinanced or reimbursed under the provisions of the Home Rule Act, the HPTF Act under the New Communities Initiative and the Code and which are or were paid or incurred, including, but not limited to:

(i) all costs paid or incurred by or on behalf of the District under the terms of any Bond Purchase Agreement, and the costs of acquiring, constructing, installing and equipping utilities services and other facilities deemed necessary to the construction, renovation, improvement, furnishing or equipping of the New Communities Initiative;

(ii) all costs paid or incurred by or on behalf of the District for land, labor or materials used in connection with the developing, constructing, acquiring, furnishing or equipping of the New Communities Initiative, or interests therein, including reimbursement to the District for all advances and payments made in connection with the New Communities Initiative prior to (to the extent permitted by the Code) or after delivery of a Series of Bonds;

(iii) all costs paid or incurred by or on behalf of the District for payment and performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during and for the developing, constructing, acquiring, furnishing and equipping of the New Communities Initiative;

(iv) all costs paid or incurred by or on behalf of the District for legal, engineering and architectural services, including the costs of the District for test borings, surveys, estimates, plans, drawings, specifications, preliminary investigations and studies, as well as for the performance of all other duties required by or consequent to the developing, constructing, acquiring, furnishing and equipping of the New Communities Project Initiative;

(v) all fees, costs, charges, and expenses paid or incurred or to be paid or incurred in connection with the authorization, preparation, printing, issuance, sale and delivery of the Bonds, to the extent permitted by the Code including, but not limited to, Bond Program Expenses, underwriting, legal, accounting, rating agency, any Depository fees, feasibility study fees and other financial fees, bond insurer fees, if any, costs and expenses, certain fees paid to financial institutions and insurance companies, compensation to financial advisors and other persons (other than full-time employees of the District) and entities performing services on behalf of the District, and all other fees, costs and expenses incurred in connection with the development of the Bond Documents;

(vi) any mortgage recording tax, recording fees, filing fees and costs of title insurance, if any;
and

(vii) any sums required to reimburse the District (to the extent permitted by the Code) for advances made by the District for any of the above items or for any other costs incurred and/or work done by the District which are properly chargeable to capital accounts maintained with respect to the New Communities Initiative.

“Costs of Issuance” or “Issuance Costs” means those items described in paragraphs (v) and (vi) under the definition of “Costs.”

“Costs of Issuance Account” means the Costs of Issuance Account created in the Costs of Issuance Fund by the Indenture.

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

“Council” means the Council of the District of Columbia.

“Counsel” means any attorney or attorneys duly admitted to practice law before the highest court of any state or the District and acceptable to the District who have regularly engaged in the practice of law as their primary occupation for at least five (5) years and none of whom are officers, full-time employees, directors or members of the District.

“Debt Service Fund” means any Debt Service Fund created by the Indenture or any Supplemental Indenture.

“Debt Service Reserve Account” means the Debt Service Reserve Account created pursuant to the Indenture.

“Debt Service Reserve Account Requirement” means, as of any date of calculation, an amount equal to the lesser of (a) 100% of the maximum annual debt service payable on all Bonds Outstanding; (b) 10% of the original principal amount of all Bonds issued under the Indenture; or (c) 125% of the average annual debt service on all Bonds Outstanding.

“Debt Service Reserve Fund” means any Debt Service Reserve Fund created pursuant to the Indenture or any Supplemental Indenture.

“Depository,” “DTC,” or “Bond Depository” means The Depository Trust Company, of New York, New York and/or its nominee, Cede & Co. or any successors, Substitute Depositories or assigns thereof in whose name or names the Global Certificates shall be registered on the books of the Registrar.

“District” means the District of Columbia and its successors and assigns.

“Default” or “Event of Default” means with respect to any Default or Event of Default under the Indenture, any occurrence or event specified in the Indenture.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust between the District and Trustee dated as of August 1, 2010, which supplemented and amended the Amended Indenture.

“Fiscal Year” means a period of 12 consecutive months ending on each September 30, or such other consecutive twelve-month period as may be adopted by the District, of which the Trustee is given written notice.

“Fitch” means Fitch Ratings, and its successors and assigns.

“Fixed Interest Rate” means a fixed interest rate to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds. Such fixed interest rate shall be specified in the Supplemental Indenture authorizing such Series of Bonds.

“Fixed Interest Rate Bonds” means Bonds which bear interest at a Fixed Interest Rate.

“Funds” means, collectively, the funds and accounts established pursuant to the Indenture.

“General Taxable Project Account” means the General Taxable Project Account established by the Indenture.

“General Tax-Exempt Project Account” means the General Tax-Exempt Project Account established by the Indenture.

“Global Certificate” means, when the Bonds are held by a Depository, the Bonds in the form of one Global Certificate representing the entire aggregate principal amount of Bonds due on a maturity date which shall be registered in the name of such Depository.

“Grant Agreement” means the Grant Agreement dated as of May 1, 2007, between the District and the Special Purpose Entity, pursuant to which the District will grant a portion of the Bonds Proceeds to the Special Purpose Entity.

“Home Rule Act” means the District of Columbia Home Rule Act, approved December 24, 1973 (P.L. 93-198; 87 Stat. 774; D.C. Official Code §§ 1-201.01 *et seq.*), as amended.

“HPTF Act” or “Act” means the Housing Production Trust Fund Act of 1998 (D.C. Law 7-202; D.C. Official Code §§ 42-2801 *et seq.*), as amended.

“HPTF” or “Housing Production Trust Fund” means the Housing Production Trust Fund established pursuant to § 42-2802 of the HPTF Act.

“Indenture” means the Amended Indenture together with the First Supplemental Indenture and the Second Supplemental Indenture.

“Independent” means any Person not an employee or officer of the District or its affiliates.

“Independent Consultant” means an Independent professional consulting, financial advisory or accounting firm selected by the District and not unacceptable to the Trustee, having the skill and experience necessary to render the particular report required and having a favorable and nationally recognized reputation for such skill and experience.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s “Municipal and Government Manual,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with

respect to called bonds, or if there are no such services, as the District may designate in a Certificate of the District delivered to the Trustee.

“Interest Account of the Debt Service Fund” or “Interest Account” means the Interest Account created by the Indenture.

“Interest Payment Date” means each June 1 and December 1.

“Interested Bondholders” means Holders of \$1,000,000 or more in aggregate principal amount of Bonds.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Lincoln Heights/Richardson Dwellings New Communities Project” means the financing, refinancing and reimbursing of the costs of redeveloping, constructing, acquiring, furnishing and equipping improvements in housing, public facilities, access to commercial and retail facilities, urban design, parks and open space, and transportation systems within the Lincoln Heights/Richardson Dwellings New Communities Project Area.

“Lincoln Heights/Richardson Dwellings New Communities Project Area” means the area located in the northeastern section of Ward 7 in the District of Columbia, and is generally bounded by East Capitol Street to the south, Nannie Helen Burroughs Avenue to the north, 48th Place to the west, and 57th Street to the east.

“Mail” or “Notice” or “notice” or “Notice by Mail” means, unless expressly provided otherwise, mail by first-class prepaid postage to Owners of the Bonds at the addresses shown in the registration books maintained pursuant to the Indenture or delivery of all notices or instruments in accordance with the Indenture to the District, the Trustee and the Bond Depository. Any notice to Owners given by Mail shall be deemed given and received when delivered by the Registrar to the United States Postal Service, or its successor, postage prepaid. In case, by reason of suspension of regular mail service or by reason of any other cause, it shall be impracticable to give such notice by Mail, then such notification as shall be made with the approval of the Registrar shall constitute a sufficient notification for every purpose under the Indenture.

“Matthews Memorial Project” means the acquisition, construction and equipping of one multifamily apartment building containing 99 units, and may include other reasonably related and subordinate facilities, located in the Anacostia neighborhood of Ward 8 in the Southeast quadrant of the District of Columbia at 2632 and 2636 through 2642 Martin Luther King Junior Avenue, S.E. and is a part of the Barry Farm/Park Chester/Wade Road New Communities Project.

“Mayor” means the Mayor of the District of Columbia or an Authorized Delegate.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“Nationally Recognized Bond Counsel” means such firm or firms approved by the District and found in the current edition of The Bond Buyer’s Municipal Marketplace (the “Red Book”), its successor publication or, if such publication or its successor ceases to exist, a comparable publication selected by the District. The term “Nationally Recognized Bond Counsel” shall include Bond Counsel.

“New Communities Initiative” means a large scale and comprehensive plan, submitted by the Mayor to the Council for approval, that provides housing infrastructure with a special focus on public housing, provides critical social support services, decreases the concentration of poverty and crimes, enhances access to education, and provides training and employment education to neighborhoods where crime, unemployment, and truancy converge to create intractable physical and social conditions.

“New Communities Project Area” means any areas that have been approved by the Council pursuant to the New Communities Initiative under the HPTF Act.

“New Communities Projects” means, collectively, the Northwest One New Communities Project, the Lincoln Heights/Richardson Dwellings New Communities Project, the Barry Farm/Park Chester/Wade Road New Communities Project and the Park Morton New Communities Project.

“Northwest One New Communities Project” means, individually and collectively, the financing, refinancing and reimbursing a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project Area.

“Northwest One New Communities Project Account” means the Northwest One New Communities Project Account created by the Indenture.

“Northwest One New Communities Project Area” means the area bounded by North Capitol Street, N.E., K Street, N.W., New Jersey Avenue, N.W., and New York Avenue, N.W., in Washington, D.C.

“Northwest One – Site 2 Project” means the acquisition, construction and equipping of one multifamily apartment building containing 314 units, and may include other reasonably related and subordinate facilities, located in the NOMA (North of Massachusetts Avenue) neighborhood of Ward 6 in the Northeast quadrant of the District of Columbia at 2 M Street, N.E. and is a part of the Northwest One New Communities Project.

“Optional Redemption Account of the Redemption Fund” means the Optional Redemption Account created by the Indenture.

“Outstanding” or “outstanding” means, except as provided in the Indenture, when used with reference to Bonds, as of any particular date, all Bonds authenticated and delivered under the Indenture, as applicable, except:

(i) any Bond canceled by the Registrar or the Trustee, as applicable, (or delivered to the Registrar or Trustee for cancellation, as applicable) at or before such date;

(ii) any Bond, the payment, redemption or purchase and cancellation of the principal and interest on which provision shall have been made as provided in the Indenture; and

(iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to the Indenture.

“Parity Bonds” means any Additional Bonds issued on a parity with any Bonds currently outstanding.

“Paying Agent” means The Bank of New York Mellon, formerly known as The Bank of New York, and any other corporation that may at any time be substituted in its place in accordance with the Indenture, and its successors.

“Person” or “person” means an individual, corporation, partnership, association, joint stock company, joint venture, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

“Pledged Revenues” means the amounts of the Allocated Fund that are received by the Trustee and any other moneys transferred by the District to the Trustee and deposited in the Revenue Fund held by the Trustee under the terms of the Indenture.

“Principal Account of the Debt Service Fund” or “Principal Account” means the Principal Account created by the Indenture.

“Principal Office” means the office maintained by any person for the transaction of business or such other office as shall be designated by such person in writing to the Trustee, the Paying Agent, the Registrar, the Authenticating Agent, and the District, and specifically means the office or offices with respect to:

(i) the Trustee, the office designated in the Indenture or such other office as is designated in writing to the Paying Agent, the Registrar, the Authenticating Agent, and the District;

(ii) the Paying Agent, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the District, the Registrar, the Authenticating Agent and the District;

(iii) the Authenticating Agent, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Registrar, the Paying Agent and the District;

(iv) the Registrar, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Paying Agent, the Authenticating Agent, and the District;

(v) the District, the office designated in the Indenture or such other office as is designated in writing to the Trustee, the Paying Agent, the Authenticating Agent and the Registrar.

“Project Account” means any Project Account created by the Indenture.

“Project Fund” means the Project Fund created by the Indenture.

“Rating Agency” means Fitch, Moody’s, S&P or any other nationally recognized rating agency maintaining a rating of any Bonds.

“Rebate Amount” means that portion of any income or interest earned by, or increment to, any Fund, Account or pledged funds established pursuant to the Indenture or other gross proceeds (within the meaning of Section 148(f)(6)(B) of the Code) due to the investment thereof which shall be required to be paid to the United States by the provisions of Section 148(f) of the Code and which shall not be deemed part of the Trust Estate but which shall be held by the Trustee.

“Record Date” means the 15th of the month immediately preceding each Interest Payment Date; provided, that if any such day is not a Business Day, the Record Date shall be the Business Day immediately preceding such day.

“Redemption Fund” means the Redemption Fund created by the Indenture.

“Redemption Price” means, when used with respect to a Bond or any portion thereof, the principal amount of such Bond or portion thereof and premium, if any.

“Registrar” or “Bond Registrar” means The Bank of New York Mellon, formerly known as The Bank of New York, or any other trust association organized and existing under the laws of the United States of America or any state which shall have been substituted in its place in accordance with the Indenture, and their respective successors.

“Refunding Bonds” means all Bonds authenticated and delivered on original issuance pursuant to the Indenture or thereafter authenticated and delivered in lieu of or in substitution for any such Bonds issued pursuant to the Indenture and the applicable Supplemental Indenture.

“Regulations” means the Federal Income Tax Regulations, as amended, including proposed and temporary regulations.

“Requisition” means the form used by the District to request payments from Bond proceeds from the Trustee or transfers by the Trustee from the Revenue Fund.

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

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or if S&P shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the District, by notice to the Trustee.

“Second Supplemental Indenture” means the Second Supplemental Indenture of Trust dated as of December 1, 2012, between the District and the Trustee.

“Series” means the Bonds issued at any one time or otherwise issued as one series under the provisions of the Indenture.

“Series 2007A Bond Purchase Agreement” means the Bond Purchase Agreement, dated May 17, 2007, between the District and M.R. Beal & Company, with respect to the initial sale of the Series 2007A Bonds.

“Series 2007A Bonds” means the \$34,105,000 District of Columbia Deed Tax Revenue Bonds (Housing Production Trust Fund - New Communities Project), Series 2007A.

“Series 2007A Bond Insurance Policy” means the insurance policy issued by the Series 2007A Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2007A Bonds when due.

“Series 2007A Bond Insurer” means MBIA Insurance Corporation, or any successor thereto or assignee thereof.

“Series 2007A Official Statement” means the Official Statement, dated May 17, 2007, prepared in connection with the sale and delivery of the Series 2007A Bonds.

“Series 2007A Preliminary Official Statement” means the Preliminary Official Statement, dated May 10, 2007, prepared in connection with the sale and delivery of the Series 2007A Bonds.

“Series 2007A Tax Certificate and Agreement” means the Tax Certificate and Agreement, dated as of May 31, 2007, concerning certain matters pertaining to the use of proceeds of the Series 2007A Bonds executed by and delivered to the District and the Trustee on the date of issuance of the Series 2007A Bonds, including any and all exhibits attached thereto.

“Series 2010 Bond Purchase Agreement” means the Bond Purchase Agreement, dated August 11, 2010 between the District and M.R. Beal & Company, on behalf of the underwriters of the Series 2010 Bonds, with respect to the initial sale of the Series 2010 Bonds.

“Series 2010 Bonds” means, collectively, the Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds.

“Series 2010 Official Statement” means the Official Statement, dated August 11, 2010, prepared in connection with the sale and delivery of the Series 2010 Bonds.

“Series 2010 Preliminary Official Statement” means the Preliminary Official Statement, dated July 28, 2010, prepared in connection with the sale and delivery of the Series 2010 Bonds.

“Series 2010A Bond Documents” means the Series 2010A Bonds, the Indenture, the Series 2010 Bond Purchase Agreement, the Series 2010 Preliminary Official Statement, the Series 2010 Official Statement, the Series 2010A Tax Certificate and Agreement, and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2010A Bonds.

“Series 2010A Bonds” means the \$23,190,000 District of Columbia Deed Tax Revenue Bonds, Series 2010A, authorized to be issued pursuant to the Indenture.

“Series 2010A Tax Certificate and Agreement” means the Tax Certificate, dated August 24, 2010, and executed by the District with respect to the Series 2010A Bonds.

“Series 2010B Bond Documents” means the Series 2010B Bonds, the Indenture, the Series 2010B Loan Agreements, the Series 2010 Bond Purchase Agreement, the Series 2010 Preliminary Official Statement, the Series 2010 Official Statement, the Series 2010B Tax Certificate of the District, the Series 2010B Proceeds Certificate, the Series 2010B Regulatory Agreement and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2010B Bonds.

“Series 2010B Bonds” means the \$26,540,000 District of Columbia Deed Tax Revenue Bonds, Series 2010B, authorized to be issued pursuant to the Indenture.

“Series 2010B Borrower” means, individually or collectively as applicable, with respect to the Sheridan Terrace Project, Sheridan Limited Partnership; with respect to the Matthews Memorial Project, Matthews Memorial Terrace Limited Partnership; with respect to the 3510 Georgia Avenue Project, PMDP-GA, LLC; or with respect to the Northwest One – Site 2 Project, 2 M Street Redevelopment LLC, and each of their successors and assigns, as context may require.

“Series 2010B Loan Agreements” means, collectively, each of the Development Loan Agreements, between each of the Series 2010B Borrowers, as borrower, and the District, as lender, executed in connection with the loan of the proceeds of the Series 2010B Bonds.

“Series 2010B Proceeds Certificate” means, individually or collectively as context may require, each of the Proceeds Certificates, executed by each of the Series 2010B Borrowers in connection with the applicable Series 2010B Project.

“Series 2010B Project” means, individually or collectively as context may require, the 3510 Georgia Avenue, N.W. Project, the Sheridan Terrace Project, the Matthews Memorial Project and the Northwest One – Site 2 Project.

“Series 2010B Regulatory Agreement” means, individually or collectively as context may require, each of the Tax Regulatory Agreements, between each of the Series 2010B Borrowers, as borrower, the District, as issuer, and the District of Columbia Housing Finance Agency, as bond monitoring agent, to be executed in connection with the loan of the proceeds of the Series 2010B Bonds.

“Series 2010B Tax Certificate of the District” means, together, the Non-Arbitrage Certificate executed by the District on the Closing Date with respect to the Series 2010B Bonds, and, as applicable, each of the Arbitrage Rebate Agreements, dated as of the Closing Date with respect to the Series 2010B Bonds, each among the District, the Trustee and the applicable Series 2010B Borrower.

“Series 2010C Bond Documents” means the Series 2010C Bonds, the Indenture, the Series 2010C Loan Agreement, the Series 2010 Bond Purchase Agreement, the Series 2010 Preliminary Official Statement, the Series 2010 Official Statement, and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2010C Bonds.

“Series 2010C Bonds” means the \$3,460,000 District of Columbia Taxable Deed Tax Revenue Bonds, Series 2010C, authorized to be issued pursuant to the Indenture.

“Series 2010C Borrower” means SeVerna LLC, its successors and assigns.

“Series 2010C Loan Agreement” means the Development Loan Agreement dated August 1, 2010, between the Series 2010C Borrower, as borrower, and the District, as lender, executed in connection with the loan of the proceeds of the Series 2010C Bonds.

“Series 2012 Bond Purchase Agreement” means the Bond Purchase Agreement, dated November 20, 2012 between the District and the Underwriters, with respect to the initial sale of the Series 2012 Bonds.

“Series 2012 Bonds” means, together, the Series 2012A Bonds and the Series 2012B Bonds.

“Series 2012 Costs of Issuance Accounts” means, together, the Series 2012A Costs of Issuance Account and the Series 2012B Costs of Issuance Account in the Costs of Issuance Fund established in the Second Supplemental Indenture.

“Series 2012 General Tax-Exempt Project Account” means the Series 2012 General Tax-Exempt Project Account established in the Second Supplemental Indenture.

“Series 2012 Official Statement” means the Official Statement, dated November 20, 2012, prepared in connection with the sale and delivery of the Series 2012 Bonds.

“Series 2012 Preliminary Official Statement” means the Preliminary Official Statement, dated November 13, 2012 prepared in connection with the sale and delivery of the Series 2012 Bonds.

“Series 2012 Project Accounts” means, collectively, the Series 2012A Barry Farm Recreation Center Project Account; the Series 2012A 2 M Street Project Account; the Series 2012B Sheridan Station-Phase III: Site Work Project Account; the Series 2012B Sheridan Station-Phase III: Vertical Development Project Account; the Series 2012B Severna Phase II Project Account; the Series 2012B 4800 Nannie Helen Burroughs N.E. Project Account; and the Series 2012B 5201 Hayes Street, N.E. Project Account.

“Series 2012 Rebate Accounts” means, together, the Series 2012A Rebate Account and the Series 2012B Rebate Account in the Arbitrage Rebate Fund established by the Indenture.

“Series 2012A 2 M Street Project Account” means, the Series 2012A 2 M Street Project Account in the Project Fund established by the Indenture.

“Series 2012A Barry Farm Recreation Center Project Account” means the Series 2012A Barry Farm Recreation Center Project Account in the Project Fund established by the Indenture.

“Series 2012A Bond Documents” means the Series 2012A Bonds, the Indenture, the Series 2012A Development Agreements, the Series 2012 Bond Purchase Agreement, the Series 2012 Preliminary Official Statement, the Series 2012 Official Statement, the Series 2012A Tax Certificate, and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2012A Bonds.

“Series 2012A Bonds” means the District’s \$22,395,000 Deed Tax Revenue Bonds, Series 2012A, authorized to be issued pursuant to the Indenture.

“Series 2012A Costs of Issuance Account” means the Series 2012A Costs of Issuance Account in the Costs of Issuance Fund established by the Indenture.

“Series 2012A Developer” means, individually or collectively as applicable, with respect to the Northwest One – 2 M Street Project, William C. Smith and Co. and the Warrenton Group; and with respect to any other project financed with a portion of the proceeds of the Series 2012 Bonds, any developer who executes a Development Financing Agreement with the District and receives as a grant (a) a portion of the Series 2012 Bonds or (b) real property or other assets purchased by the District with a portion of the proceeds of the Series 2012 Bonds.

“Series 2012A Development Agreements” means, collectively, each of the Development Financing Agreements, between each of the Series 2012A Developers, as grantee, and the District, as grantor, to be executed in connection with, as applicable, the grant of a portion of the proceeds of the Series 2012 Bonds or the grant of real property or other assets purchased by the District with a portion of the proceeds of the Series 2012 Bonds.

“Series 2012A Project” means, individually or collectively as context may require, the 2 M Street Project, and the Barry Farm Recreation Center Project.

“Series 2012A Project Accounts” means, collectively, the Series 2012A 2 M Street Project Account; and the Series 2012A Barry Farm Recreation Center Project Account.

“Series 2012A Rebate Account” means the Series 2012A Rebate Account in the Arbitrage Rebate Fund established by the Indenture.

“Series 2012A Tax Certificate” means the Tax Compliance Certificate, dated December 6, 2012 and executed by the District with respect to the Series 2012A Bonds.

“Series 2012B 4800 Nannie Helen Burroughs Project Account” means, the Series 2012B 4800 Nannie Helen Burroughs Project Account in the Project Fund established by the Indenture.

“Series 2012B 5201 Hayes Street, N.E. Project Account” means the Series 2012B 5201 Hayes Street, N.E. Project Account in the Project Fund established by the Indenture.

“Series 2012B Bond Documents” means the Series 2012B Bonds, the Indenture, the Series 2012B Loan Agreements, the Series 2012 Bond Purchase Agreement, the Series 2012 Preliminary Official Statement, the Series 2012 Official Statement, the Series 2012B Tax Certificate, the Series 2012B Proceeds Certificates, the Series 2012B Regulatory Agreement and all other agreements, documents, certificates and instruments executed and delivered in connection with the issuance, sale, and delivery of and security for the Series 2012B Bonds.

“Series 2012B Bonds” means the District’s \$17,190,000 Deed Tax Revenue Bonds, Series 2012B, authorized to be issued pursuant to the Indenture.

“Series 2012B Borrower” means, individually or collectively as applicable, with respect to the Sheridan Station-Phase III: Site Work and Sheridan Station-Phase III: Vertical Development Project, William C. Smith and Co.; with respect to the Severna Phase II Project, Mission First Development and Henson Development Company; with respect to the 4800 Nannie Helen Burroughs Project, A. Wash and Associates; with respect to the 5201 Hayes Street, N.E. Project, anticipated to be Pennrose Partners, LLC and The Warrenton Group, LLC; and each of their successors and assigns, as context may require.

“Series 2012B Costs of Issuance Account” means the Series 2012B Costs of Issuance Account in the Costs of Issuance Fund established by the Indenture.

“Series 2012B Loan Agreements” means, collectively, each of the Development Financing Agreements, between each of the Series 2012B Borrowers, as borrower, and the District, as lender, to be executed in connection with the loan of the proceeds of the Series 2012B Bonds.

“Series 2012B Proceeds Certificate” means, individually or collectively as context may require, each of the Proceeds Certificates, executed by each of the Series 2012B Borrowers in connection with the applicable Series 2012B Project.

“Series 2012B Project” means, individually or collectively as context may require, the Sheridan Station-Phase III: Site Work Project, the Sheridan Station-Phase III: Vertical Development Project, the Severna Phase II Project, the 4800 Nannie Helen Burroughs Project, and the 5201 Hayes Street N.E. Project.

“Series 2012B Project Accounts” means, collectively, the Series 2012B Sheridan Station-Phase III: Site Work Project Account, the Series 2012B Sheridan Station-Phase III: Vertical Development

Project Account, the Series 2012B Severna Phase II Project Account, the Series 2012B 4800 Nannie Helen Burroughs Project Account and the Series 2012B 5201 Hayes Street N.E. Project Account.

“Series 2012B Rebate Account” means the Series 2012B Rebate Account in the Arbitrage Rebate Fund established by the Indenture.

“Series 2012B Regulatory Agreement” means, individually or collectively as context may require, each of the Tax Regulatory Agreements, between each of the Series 2012B Borrowers, as borrower, the District, as issuer, and the District of Columbia Housing Finance Agency, as bond monitoring agent, to be executed in connection with the loan of the proceeds of the Series 2012B Bonds.

“Series 2012B Severna Phase II Project Account” means the Series 2012B Severna Phase II Project Account in the Project Fund established by the Indenture.

“Series 2012B Sheridan Station-Phase III: Site Work Project Account” means the Series 2012B Sheridan Station-Phase III: Site Work Account in the Project Fund established by the Indenture.

“Series 2012B Sheridan Station-Phase III: Vertical Development Project Account” means the Series 2012B Sheridan Station-Phase III: Vertical Development Project Account in the Project Fund established by the Indenture.

“Series 2012B Tax Certificate” means, together, the Tax Compliance Certificate executed by the District on the Closing Date with respect to the Series 2012B Bonds, and, as applicable, each of the Tax Compliance Certificates executed by each of the applicable Series 2012B Borrowers.

“Severna Phase II Project” means the acquisition, construction and equipping of a multifamily apartment building containing 133 units, which (a) may include other functionally related and subordinate facilities, (b) is part of the Northwest One New Communities Initiative, and (c) is located in the Northwest One neighborhood of Ward 6 in the northwest quadrant of the District of Columbia at 43 K Street N.W.

“Sheridan Station-Phase III: Site Work Project” means the site work portion of a multifamily rental housing project consisting of a 133-unit rental housing complex, which (a) may include other functionally related and subordinate facilities, (b) is part of the Barry Farm New Communities Initiative, and (c) is located in the Hillsdale neighborhood of Ward 8 in the southeast quadrant of the District of Columbia, east of Sheridan Road and between Howard and Pomeroy Road, S.E.

“Sheridan Station-Phase III: Vertical Development Project” means the acquisition, construction and equipping, other than site work, of a multifamily rental housing project consisting of a 133-unit rental housing complex, which (a) may include other functionally related and subordinate facilities, (b) is part of the Barry Farm New Communities Initiative and (c) is located in the Hillsdale neighborhood of Ward 8 in the southeast quadrant of the District of Columbia, east of Sheridan Road and between Howard and Pomeroy Road, S.E.

“Sheridan Terrace Project” means the acquisition, construction and equipping of a 114-unit rental housing complex, which will consist of one five-story apartment building containing 104 units with a structured parking garage, two 4-unit manor flat buildings and two townhouse units, and may include other reasonably related and subordinate facilities, located in the Hillsdale neighborhood of Ward 8 in the Southeast quadrant of the District of Columbia East of Sheridan Road and bounded by Howard Road, Sayles Place, and Bowen Road and is a part of the Barry Farm/Park Chester/Wade Road New Communities Project.

“Sinking Fund Installment Date” means the dates upon which a Sinking Fund Installment shall be due pursuant to the Indenture.

“Sinking Fund Installments” means the payments required to be made by the District pursuant to the mandatory sinking fund provisions of the Indenture.

“Sinking Fund Payment Account of the Debt Service Fund” means the Sinking Fund Payment Account created by the Indenture.

“Special Purpose Entity” means the Northwest One Temple Courts Redevelopment Corporation.

“Substitute Depository” means a Depository appointed pursuant to the Indenture and qualified in accordance with the provisions of the Amended Indenture to replace a predecessor Depository but shall not include a successor of any Depository.

“Supplemental Account” means the Supplemental Account created by the Indenture.

“Supplemental Indenture” means any indenture entered into by the District and the Trustee amending, modifying or supplementing the Indenture and any Supplemental Indenture in accordance with the terms of the Indenture.

“Tax Certificate and Agreement” means, collectively, the Series 2012A Tax Certificate and Agreement and the Series 2012B Tax Certificate of the District.

“Tax-Exemption for the Bonds” or “Tax-Exempt,” or “Tax Exemption” means (A) the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds under Section 103 of the Code, or its successor provision, and (B) the exemption of the Bonds and the interest thereon from District taxation, except estate, inheritance and gift taxes, as provided in Section 485 of the Home Rule Act, or its successor provision.

“Trust Estate” means, at any particular time, all right, title and interest of the District in and to (i) the Pledged Revenues, (ii) all moneys, securities and obligations, including the Permitted Investments (including the investment income from Permitted Investments) which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee in trust under any of the provisions of the Indenture, and (iii) all cash and securities now or hereafter held in the Funds (except the Arbitrage Rebate Fund) and Accounts created or established under the Indenture and all investment earnings on the Funds and Accounts, which is now pledged, assigned or transferred, or which may from time to time in the future be pledged, assigned or transferred, to the Trustee, by delivery or by writing of any kind, as and for security under the Indenture, whether by the District or by anyone on behalf of the District, or with the District’s written consent, except for moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with the Indenture, funds held pursuant to the non-presentment provisions of the Indenture, and moneys representing the Rebate Amount.

“Trustee” means The Bank of New York Mellon, formerly known as The Bank of New York, a banking corporation organized and existing under the laws of the State of New York, as trustee under the Indenture, its successors and its and their assigns, and any co-trustee appointed and serving under the Indenture.

“Underwriters” means the underwriters identified on the cover of this Official Statement.

“Valuation Date” means (i) with respect to the Debt Service Reserve Account, the tenth Business Day prior to each Interest Payment Date provided, however, that if amounts on deposit in the Debt Service Reserve Account are less than the Debt Service Reserve Account Requirement, such date shall be the last Business Day of each calendar month until the amounts on deposit in the Debt Service Reserve Account at least equal the Debt Service Reserve Account Requirement, and (ii) with respect to all other Funds and Accounts, the last Business Day of each calendar month.

“Value” when used with respect to Funds held as part of any Fund or Account, shall be determined as of each Valuation Date or at such other times as required in the Indenture and means the value calculated as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(iii) as to certificates of deposit, bankers acceptances and investment agreements: the face amount thereof, plus accrued interest; and

(iv) as to any investment not specified above, the value thereof established by prior agreement between the District and the Trustee.

“Variable Interest Rate” means a variable interest rate to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds. The method of computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Series of Bonds. Such Supplemental Indenture shall also specify either (i) the particular period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

“Variable Interest Rate Bonds” means Bonds which bear interest at a Variable Interest Rate.

“3510 Georgia Avenue, N.W. Project” means the acquisition, construction and equipping of one multifamily apartment building containing 83 units, and may include other reasonably related and subordinate facilities, located in the Park View neighborhood of Ward 1 in the Northwest quadrant of the District of Columbia at 3510 and 3512 Georgia Avenue, N.W. and 714 Newton Place, N.W. and is a part of the Park Morton New Communities Project.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of the Indenture. The summary does not purport to set forth all of the provisions of the Indenture, to which reference is made for the complete and actual terms thereof.

Redemption of Portion of Bond; Reduction of a Global Certificate

In the event part but not all of a Bond shall be selected for redemption, upon the presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption in accordance with such Bond, the District shall execute and the Registrar shall authenticate and deliver to or upon the order of the Owner of such Bond or his or her attorney-in-fact or legal representative, without charge therefor, a Bond or Bonds of the same series and maturity, bearing interest at the same rate and of any Authorized Denomination, in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bond so surrendered.

If the Bonds are held by a Bond Depository, upon a reduction in the aggregate principal amount of a Global Certificate in accordance with the Indenture, the Bondholder may make a notation of such redemption on the panel provided on the Global Certificate stating the amount so redeemed, or return the Global Certificate to the Registrar in exchange for a new Global Certificate authenticated by the Registrar, in proper principal amount. Such notation, if made by the Bondholder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of such Global Certificate Outstanding, unless the Registrar has signed the appropriate column of the panel on the Global Certificate.

Additional Bonds

If continuing authority exists under the Authorizing Actions or new authority is obtained under the Home Rule Act for the issuance of Additional Bonds, the District may issue such Additional Bonds as authorized, so long as any such additional issuance complies with the requirements of the Indenture described below. Such Additional Bonds, which may be issued as Fixed Interest Rate Bonds or Variable Interest Rate Bonds, shall be issued as Parity Bonds pursuant to a Supplemental Indenture. The Supplemental Indenture authorizing such Additional Bonds shall set forth the total authorized principal amount of such Additional Bonds, the maturity date or dates and principal amounts of each maturity of the Additional Bonds, the interest payment dates, the interest rate or rates thereof, the denomination or denominations thereof, the Redemption Price or prices thereof, the forms thereof and shall direct the application of the proceeds of such Additional Bonds.

The District shall not issue any Additional Bonds unless, at or prior to the delivery to the Trustee of an order from the District to authenticate and deliver such Additional Bonds, there shall be filed with the Trustee (in addition to all other documents required by the Indenture):

(i) a certificate of an Authorized Delegate, stating that the District is not then in default with respect to any Bonds Outstanding or in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;

(ii) a certificate of an Authorized Delegate, stating that the District is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in any Bond Document;

(iii) a copy of the District's resolution authorizing the issuance of the Additional Bonds, certified by the Secretary to the Council as true, correct and complete;

(iv) a signed request and authorization from the District to the Trustee to authenticate and deliver the Additional Bonds to, or on the order of, the underwriter thereof upon payment to the Trustee of the amount specified therein (including without limitation, any accrued interest), which amount shall be deposited as provided in the applicable Supplemental Indenture;

(v) a certificate of an Authorized CFO Delegate stating the amount on deposit in the Debt Service Reserve Account immediately after the issuance of the Additional Bonds then to be issued will not be less than the amount then required to be deposited therein;

(vi) a certificate of an Authorized CFO Delegate stating the amount on deposit in the Interest Account and Principal Account immediately after the issuance of such Additional Bonds is sufficient to satisfy any debt service due on all Bonds, including the Additional Bonds, through the end of the Fiscal Year in which such Additional Bonds are issued;

(vii) a written opinion of counsel to the District, reasonably satisfactory to the Trustee, to the effect that any amendments or supplements to the Bond Documents have been duly executed and delivered by the District, and that the Bond Documents, as the same may be amended or supplemented, constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to customary exceptions, including for bankruptcy, insolvency and similar laws and the application of equitable principles;

(viii) a written opinion of Bond Counsel to the effect that the issuance of the Additional Bonds and the execution and delivery of the Additional Bonds have been duly authorized, and that the Tax-Exemption for the Bonds and any Additional Bonds previously issued will not be affected adversely by the issuance of the Additional Bonds;

(ix) the Trustee shall (a) receive a report of an independent feasibility consultant or a certification from an Authorized CFO Delegate evidencing that the lesser of (i) the amount of the Allocated Fund Deposit for the prior Fiscal Year or (ii) the average amount of the Allocated Fund Deposit for the past three (3) prior Fiscal Years is equal to at least 1.50 times the maximum annual debt service for any Fiscal Year on all then Outstanding Bonds plus projected debt service on the proposed Additional Bonds, or (b) with respect to Refunding Bonds, receive a certificate from the District stating that the aggregate debt service in each Bond Year on all Bonds Outstanding after the issuance of the Refunding Bonds is less than the aggregate debt service in each respective Bond Year on all Bonds Outstanding prior to the issuance of the Refunding Bonds);

(x) confirmation from the Rating Agencies that the rating on any Outstanding Bonds will not be reduced as a result of such issuance; and

(xi) other requirements provided in the applicable Supplemental Indenture for the issuance of Bonds have been met.

Funds and Accounts

The following Funds and Accounts are applicable to the Series 2012 Bonds and shall be held and maintained by the Trustee under the Indenture:

- (1) Revenue Fund

- (2) Within in the Costs of Issuance Fund, the:
 - Series 2012A Costs of Issuance Account
 - Series 2012B Costs of Issuance Account
- (3) Within the Project Fund, the:
 - Series 2012A 2 M Street Project Account
 - Series 2012A Barry Farm Recreation Center Project Account
 - Series 2012B Sheridan Station–Phase III: Site Work Project Account
 - Series 2012B Sheridan Station–Phase III: Vertical Development Project Account
 - Series 2012B Severna Phase II Project Account
 - Series 2012B 4800 Nannie Helen Burroughs Project Account
 - Series 2012B 5201 Hayes Street, N.E. Project Account
 - Series 2012 General Tax-Exempt Project Account
- (4) Debt Service Fund, including the:
 - Accumulation Account
 - Interest Account
 - Principal Account
 - Sinking Fund Payment Account
 - Bond Program Expenses Account
- (5) Debt Service Reserve Fund, including the:
 - Debt Service Reserve Account
- (6) Arbitrage Rebate Fund
 - Series 2012A Rebate Account
 - Series 2012B Rebate Account
- (7) Redemption Fund, including the:
 - Optional Redemption Account

A Supplemental Indenture may authorize the creation of additional funds and accounts as appropriate. For the purposes of internal accounting, any Fund or Account created by the Indenture may contain one or more sub-accounts, as the Trustee may deem proper.

Prior to the submission of the first Requisition from monies on deposit in the Series 2012B Project Accounts, in connection with the particular Series 2012B Project to be financed with the Series 2012B Bond Proceeds, the applicable Series 2012B Borrower shall cause each the following documents to be executed and delivered to the Trustee, in a form and substance satisfactory to the District and Bond Counsel:

- (i) a Series 2012B Loan Agreement;
- (ii) a Series 2012B Proceeds Certificate;
- (iii) a Series 2012B Regulatory Agreement;
- (iv) an itemized project budget for the applicable Series 2012B Project specifying the sources comprising the funding for that Series 2012B Project and the uses of such funding; and
- (v) any other documents reasonably required by Bond Counsel.

No Series 2012B Bond Proceeds shall be disbursed by the Trustee unless a certificate of Bond Counsel stating that each of items (i) through (v) above has been executed and delivered in connection with the applicable Series 2012B Project.

Costs of Issuance Fund

Except as otherwise expressly provided in the Indenture, the Cost of Issuance Fund shall be comprised of the Series 2012A Costs of Issuance Account and the Series 2012B Costs of Issuance Account.

The moneys in the Series 2012A Costs of Issuance Account shall be used only to pay Costs of Issuance of the Series 2012A Bonds in accordance with the Indenture. The Trustee shall disburse from the Series 2012A Costs of Issuance Account all amounts required to pay the Series 2012A Bonds Costs of Issuance then due and payable as directed by the District in writing by use of the Costs of Issuance Requisition in the form attached to the Indenture. The Trustee shall maintain accurate records of the earnings on the Series 2012A Bond Proceeds deposited in the Series 2012A Costs of Issuance Account, and shall transfer any earnings to the General Tax-Exempt Project Account of the Project Fund upon the written direction of the District. Any moneys remaining in the Series 2012A Costs of Issuance Account on the date which is six (6) months after the Closing Date shall be transferred by the Trustee to the General Tax-Exempt Project Account of the Project Fund on such date.

The moneys in the Series 2012B Costs of Issuance Account shall be used only to pay Costs of Issuance of the Series 2012B Bonds in accordance with the Indenture. The Trustee shall disburse from the Series 2012B Costs of Issuance Account all amounts required to pay the Series 2012B Bonds Costs of Issuance then due and payable as directed by the District in writing by use of the Costs of Issuance Requisition in the form attached to the Indenture. The Trustee shall maintain accurate records of the earnings on the Series 2012B Bond proceeds deposited in the Series 2012B Costs of Issuance Account, and shall transfer any earnings to the Series 2012 General Tax-Exempt Project Account of the Project Fund upon the written direction of the District. Any moneys remaining in the Series 2012B Costs of

Issuance Account on the date which is six (6) months after the Closing Date shall be transferred by the Trustee to the Interest Account of the Debt Service Fund on such date.

Project Fund

The money in the Series 2012A 2 M Street Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the 2 M Street Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012A 2 M Street Project Account of the Project Fund to finance, refinance or reimburse Costs of the 2 M Street Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the Series 2012A 2 M Street Project Account of the Project Fund, for those disbursements.

The money in the Series 2012A Barry Farm Recreation Center Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the Barry Farm Recreation Center Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012A Barry Farm Recreation Center Project Account of the Project Fund to finance, refinance or reimburse Costs of the Barry Farm Recreation Center Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the Series 2012A Barry Farm Recreation Center Project Account of the Project Fund, for those disbursements.

The money in the Series 2012B Sheridan Station-Phase III: Vertical Development Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the Sheridan Station-Phase III: Vertical Development Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012B Sheridan Station-Phase III: Vertical Development Project Account of the Project Fund to finance, refinance or reimburse Costs of the Sheridan Station-Phase III: Vertical Development Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the Series 2012B Sheridan Station-Phase III: Vertical Development Project Account of the Project Fund, for those disbursements.

The money in the Series 2012B Severna Phase II Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the Severna Phase II Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012B Severna Phase II Project Account of the Project Fund to finance, refinance or reimburse Costs of the Severna Phase II Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the Series 2012B Severna Phase II Project Account of the Project Fund, for those disbursements.

The money in the Series 2012B 4800 Nannie Helen Burroughs Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the 4800 Nannie Helen Burroughs Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012B 4800 Nannie Helen Burroughs Project Account of the Project Fund to finance, refinance or reimburse Costs of the 4800 Nannie Helen Burroughs Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on

the Series 2012B 4800 Nannie Helen Burroughs Project Account of the Project Fund, for those disbursements.

The money in the Series 2012B 5201 Hayes Street, N.E. Project Account of the Project Fund shall be used only to finance, refinance or reimburse Costs of the 5201 Hayes Street, N.E. Project in accordance with the Indenture. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012B 5201 Hayes Street, N.E. Project Account of the Project Fund to finance, refinance or reimburse Costs of the 5201 Hayes Street, N.E. Project, not including Costs of Issuance, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the Series 2012B 5201 Hayes Street, N.E. Project Account of the Project Fund, for those disbursements.

The money in the Series 2012 General Tax-Exempt Project Account of the Project Fund shall be used only for authorized purposes pursuant to the Act and in accordance with the Indenture; provided that, if any such money is transferred to private persons, or is used to purchase property or assets which are transferred to private persons, such transfer shall be made by the District as a grant without any remuneration from such private persons. Upon receipt of the Project Fund Requisition from the District, the Trustee is authorized and directed to make disbursements from the Series 2012 General Tax-Exempt Project Account of the Project Fund for authorized purposes pursuant to the Act, and to issue checks, make wire transfers or such other means of disbursement to which the District and the Trustee shall agree, drawn on the General Tax-Exempt Project Account of the Project Fund, for those disbursements. Subject to the Indenture, the interest earnings in the Series 2012 General Tax-Exempt Project Account of the Project Fund shall be retained in the Series 2012 General Tax-Exempt Project Account.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements from it.

Any amounts remaining in any Series 2012 Project Account after the third anniversary of the Closing Date, together with any investment earnings thereon, shall be transferred to the Debt Service Fund and applied to pay principal and interest on the Series 2012 Bonds pursuant to the Indenture; provided that, at the written direction of the District, such amounts may be retained in such account or transferred to another account if the District shall furnish the Trustee with an opinion of Bond Counsel that the (1) retention of such amounts in the respective account of the Project Fund, or (2) the transfer of such amounts to another account will not adversely affect the Tax-Exemption for the Series 2012A Bonds or Series 2012B Bonds.

With respect to any Series of Additional Bonds, any amounts remaining in a Project Account relating to such Series of Additional Bonds after the third anniversary of the Issuance Date, together with any investment earnings thereon, shall be (unless otherwise set forth in the Supplemental Indenture related to a Series of Bonds) transferred to the Debt Service Fund and used to pay debt service on such related Series of Bonds, or retained in such account; provided, however, that, the District shall furnish the Trustee with an opinion of Bond Counsel that either (1) transfer of such money to the Debt Service Fund, (2) retention of such amounts in the respective Account of the Project Fund, or (3) an alternate use, will not adversely affect the Tax-Exemption for such Series of Bonds to the extent that such Bonds are Tax-Exempt.

Upon the occurrence of an Event of Default described in paragraphs (a), (b) or (c) “Events of Default and Remedies” below, the Trustee shall transfer any moneys on deposit in a Project Account of the Project Fund related to a Series of Bonds to the Debt Service Fund and the Trustee shall apply such amounts to such Series of Bonds in accordance with the Indenture.

Debt Service Fund

On the Closing Date, the District shall deposit \$1,091,519.71 of its available funds into the Revenue Fund, and immediately thereafter, the Trustee shall transfer \$736,519.71 to the Interest Account to pay interest on the Bonds through June, 1, 2013, and \$355,000 from the Revenue Fund to the Principal Account to pay principal on the Bonds due on June 1, 2013. Any balance remaining in the Interest Account or Principal Account after June 1, 2013 shall remain therein and be used for the purposes thereof.

Pursuant to the flow of funds described under “-Revenue Fund” below, the Trustee shall transfer Pledged Revenues from the Revenue Fund to the Accumulation Account, the Interest Account, the Principal Account, the Bond Program Expenses Account and the Sinking Fund Payments Account, as applicable.

Unless otherwise set forth in a Supplemental Indenture, sixty (60) days prior to (A) December 1, moneys on deposit in the Accumulation Account required for payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, and (B) June 1, moneys on deposit in the Accumulation Account (1) first, required for the payment of interest on the Bonds shall be transferred from the Accumulation Account to the Interest Account, (2) second, required for payment of principal on the Bonds (other than any Sinking Fund Installment) shall be transferred from the Accumulation Account to the Principal Account, and (3) third, required to satisfy the principal of any Sinking Fund Installment on the Bonds shall be deposited in the Sinking Fund Payment Account.

Any moneys transferred from either a Project Account or the Debt Service Reserve Account shall be deposited into the Interest Account of the Debt Service Fund, the Principal Account of the Debt Service Fund or the Sinking Fund Payment Account of the Debt Service Fund in accordance with the Indenture; provided, however, that moneys transferred from each Project Account related to a Series of Bonds shall only be used to pay debt service on such Series of Bonds.

Except as provided in the Indenture regarding the non-presentment of Bonds and the priority of payments following a Default, moneys in the Principal Account of the Debt Service Fund shall be used solely for the payment of principal of the Bonds as the same become due and payable at maturity, upon redemption (other than mandatory sinking fund redemption) or upon acceleration of maturity. The Trustee shall at all times maintain accurate records of deposits into the Principal Account, and the sources and timing of such deposits.

Except as provided in the Indenture regarding the non-presentment of Bonds and the priority of payments following a Default, moneys in the Interest Account of the Debt Service Fund shall be used solely to pay interest on the Bonds when due. The Trustee shall at all times maintain accurate records of deposits into the Interest Account, and the sources and timing of such deposits.

Except as provided in the Indenture regarding the non-presentment of Bonds and the priority of payments following a Default, moneys in the Bond Program Expenses Account of the Debt Service Fund shall be used solely to pay any Bond Program Expenses. The Trustee shall at all times maintain accurate records of deposits into the Bond Program Expenses Account, and shall apply moneys from such account as required by the Indenture and pursuant to a requisition filed with the Trustee if required, in accordance with the Indenture.

Moneys in the Sinking Fund Payments Account shall be used by the Trustee solely for the payment of Sinking Fund Installments of each Bond as it shall become due and payable in accordance with the mandatory sinking fund provisions of the Indenture. The Trustee shall at all times maintain

accurate records of deposits into the Sinking Fund Payments Account, and shall apply moneys from such fund as required by the Indenture.

Except as provided in the Indenture regarding the priority of payments following a Default, the Trustee shall make the following disbursements from the Debt Service Fund:

(i) On each Interest Payment Date, the Trustee shall pay from amounts on deposit in the Interest Account of the Debt Service Fund, the accrued interest due on the Bonds on such date.

(ii) On each date on which the principal of any Series of Bonds becomes due and payable (other than as a Sinking Fund Installment), the Trustee shall pay such principal from amounts on deposit in the Principal Account of the Debt Service Fund.

(iii) On each date on which Bond Program Expenses are due and payable the Trustee shall pay from the Bond Program Expenses Account of the Debt Service Fund, amounts available to pay any Bond Program Expenses pursuant to a requisition from the District in the form attached to the Indenture. Disbursements to the Trustee for Bond Program Expenses relating to the annual Trustee fees and expenses shall not require a District requisition, nor shall disbursements to the District for Bond Program Expenses owed to it require a the District requisition.

(iv) On each date on which the principal amount of a Series of Bonds called for mandatory sinking fund redemption shall become due and payable, the Trustee shall, from amounts on deposit in the Sinking Fund Payments Account of the Debt Service Fund (after taking into account any credit which could reduce the District's sinking fund redemption obligation pursuant to the Indenture) pay such principal amount of the Series of Bonds called for redemption.

Debt Service Reserve Fund

The Debt Service Reserve Fund will be comprised of the Debt Service Reserve Account. Moneys in the Debt Service Reserve Fund shall be held in trust by the Trustee and applied as hereinafter described and, pending such application, shall be subject to a lien or charge in favor of the Holders of the Outstanding Bonds and for the further security of such Holders of Bonds until paid out, transferred or released as provided in the Indenture.

On the Closing Date for the Series 2012 Bonds (i) moneys on deposit in the Supplemental Account of the Debt Service Reserve Fund shall be transferred to the Debt Service Reserve Account, and (ii) the District shall deposit with the Trustee from proceeds of the Series 2012 Bonds, for deposit into the Debt Service Reserve Account, an amount, when combined with the amount transferred from the Supplemental Account, sufficient to meet the Debt Service Reserve Account Requirement for the Series 2012 Bonds. Immediately following the transfer of funds from the Supplemental Account in accordance with the Indenture, the Supplemental Account shall be terminated and permanently closed. The Debt Service Reserve Account Requirement may be satisfied by cash or by one or more Reserve Fund Credit Facilities, or by any combination thereof; provided, however, that, if at the time moneys are to be withdrawn one or more Reserve Fund Credit Facilities are on deposit, the Trustee shall use cash and obtain payment under each Reserve Fund Credit Facility, pro-rata, based upon the amounts then available to be paid from cash and under such facilities.

The Trustee shall value the Debt Service Reserve Account monthly, and if the Value of the Debt Service Reserve Account is less than the Debt Service Reserve Account Requirement, the Trustee shall replenish the Debt Service Reserve Fund Requirement in accordance with THIRD under “-Revenue Fund” below.

Moneys on deposit in the Debt Service Reserve Fund shall be applied as follows:

(i) On the date of each payment from the Debt Service Fund of principal, Sinking Fund Installments or interest on the Bonds, moneys on deposit in the Debt Service Reserve Fund shall be applied to cure any deficiency in amounts available in the Debt Service Fund to pay the principal, Sinking Fund Installments and interest on the Bonds from the Debt Service Reserve Account; and

(ii) If, on any Valuation Date, amounts on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Account Requirement, the District shall direct the Trustee to transfer an amount equal to such excess from the Debt Service Reserve Account and to deposit into the Bond Program Expenses Account an amount equal to the Bond Program Expenses Account Requirement and the remainder, if any, into the Debt Service Fund. To effect such a withdrawal, the District shall provide to the Trustee a certificate of the Authorized CFO Delegate specifying (a) the amount of such withdrawal, (b) the Debt Service Reserve Account Requirement following such withdrawal, (c) that the aggregate amount on deposit in the Debt Service Reserve Account following such withdrawal shall at least equal the Debt Service Reserve Account Requirement and (d) the purpose to which the proceeds of such withdrawal will be applied.

Arbitrage Rebate Fund

The Arbitrage Rebate Fund shall be maintained by the Trustee as a fund separate from any other fund established and maintained under the Indenture. Within the Arbitrage Rebate Fund, the Trustee shall maintain such accounts as shall be required by the District in order to comply with the terms and requirements of the Tax Certificate and Agreement. Subject to the provisions of the Indenture described below, all money at any time deposited in the Arbitrage Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate and Agreement), for payment to the Treasury Department of the United States of America, and the District or the owner of any Bonds shall not have any rights in or claim to such money. All amounts deposited into or on deposit in the Arbitrage Rebate Fund shall be governed by the Indenture and by the Tax Certificate and Agreement (which is incorporated into the Indenture by reference). The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture summarized under this heading and with such provisions of the Tax Certificate and Agreement if it follows the directions of an Authorized Delegate including supplying all necessary written information in the manner provided in the Tax Certificate and Agreement, and shall have no liability or responsibility for compliance (except as specifically set forth in the Indenture or in the Tax Certificate and Agreement) or to enforce compliance by the District with the terms of the Tax Certificate and Agreement.

Upon the written direction of the District, the Trustee shall deposit in the Arbitrage Rebate Fund funds received from the District, so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the District in accordance with the Tax Certificate and Agreement.

The Trustee shall have no obligation to rebate any amounts required to be rebated other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the District.

The Trustee shall invest all amounts held in the Arbitrage Rebate Fund as provided in written directions of the District. The District, in issuing such directions, shall comply with the restrictions and instructions set forth in the Tax Certificate and Agreement. Moneys may only be applied from the Arbitrage Rebate Fund as provided in the Indenture.

The Trustee, upon the receipt of written instructions and certification of the Rebate Requirement from an Authorized Delegate, shall pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Arbitrage Rebate Fund, as so directed.

Notwithstanding any provision of the Indenture, the obligation to remit the Rebate Requirement to the United States of America and to comply with all other requirements of the Indenture and the Tax Certificate and Agreement shall survive the defeasance or payment in full of the Bonds.

Redemption Fund

The District shall cause to be deposited into the Optional Redemption Account of the Redemption Fund for the payment of the Redemption Price, plus accrued interest, if any, to the redemption date, upon redemption of a Series of Bonds (excluding mandatory sinking fund redemptions), solely out of the Pledged Revenues to be applied and other moneys available to the District and authorized to be used for such purpose, an amount sufficient to pay, when due, the principal and accrued interest to the redemption date, if any, upon a redemption of a Series of Bonds. The obligation of the District to cause this deposit to be made under the Indenture with respect to a redemption in whole of a Series of Bonds or a redemption of the Bonds next subject to mandatory sinking fund redemption shall be reduced by the amount on deposit in the Sinking Fund Payment Account of the Debt Service Fund.

Moneys in the Optional Redemption Account of the Redemption Fund shall be used for the payment of the Redemption Price and accrued interest, if any, on the Bonds in connection with an optional redemption if notice has been given in accordance with the Indenture.

Revenue Fund

Unless a Supplemental Indenture related to a Series of Bonds provides otherwise with respect to the Series of Bonds, commencing on October 1 of each Fiscal Year and on the first Business Day of each month thereafter until 100% of the amounts set forth in FIRST through FIFTH below are on deposit therein, all Allocated Fund Deposits received by the District for such Fiscal Year shall be transferred from the Allocated Fund to the Trustee, together with any other moneys transferred by the District to the Trustee, for deposit into the Revenue Fund; provided, however, that the proceeds of any draw on or payment under any Credit Facility which is intended for the payment of a Bond may be applied directly to such payment or deposited directly to the Debt Service Fund for such purpose.

The Trustee shall apply moneys on deposit in the Revenue Fund on a monthly basis in the following priority:

FIRST: An amount equal to the interest due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Interest Account equal interest due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

SECOND: An amount equal to the principal due on the Bonds for the next ensuing Fiscal Year shall be transferred to the Accumulation Account of the Debt Service Fund (and additional amounts shall be transferred to the Accumulation Account to the extent necessary, until the amounts on deposit in the Principal Account or the Sinking Fund Payments Account equal principal due on the Bonds for the current or prior Fiscal Year that has not been deposited therein or in the Accumulation Account);

THIRD: An amount necessary to restore the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Account Requirement shall be transferred into the Debt Service Reserve Account;

FOURTH: An amount equal to the Bond Program Expenses Account Requirement shall be transferred to the Bond Program Expenses Account of the Debt Service Fund to make any payments due and payable thereunder; and

FIFTH: To the Optional Redemption Account of the Redemption Fund the amount, if any, required or directed by an Authorized Delegate to be applied to the redemption of Bonds.

Investment of Moneys

Any moneys held as part of the Debt Service Fund or the Redemption Fund and not immediately required for the purposes of the Debt Service Fund or the Redemption Fund, as the case may be, shall be invested or reinvested by the Trustee (through its bond department or otherwise) in Permitted Investments as directed jointly by the District and the Underwriter. The District and the Underwriter shall give written directions to the Trustee, specifying the maturity date, interest rate (if any), principal amount and nature of such investments. If such direction is not timely received by the Trustee, the Trustee shall invest such funds in Permitted Investments with maturities not longer than 30 days. Earnings on moneys held in the Debt Service Fund and the Redemption Fund shall be transferred to the Interest Account of the Debt Service Fund.

The Trustee may sell or redeem any obligation in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom or to facilitate the transfers of money between various Funds and Accounts as may be required or permitted from time to time pursuant to the provisions of the Indenture.

In computing the Value of the assets of any Fund or Account established under the Indenture, investments and accrued interest thereon shall be deemed a part thereof.

Notwithstanding provisions in the Indenture for transfer to or holding in particular Funds and Accounts amounts received or held by the Trustee, the Registrar, or the Paying Agent, for purposes of making, holding and disposing of investments, investments (except amounts held in the Arbitrage Rebate Fund) in any and all Funds and Accounts created by the Indenture may be commingled (except amounts held in the Arbitrage Rebate Fund), provided that, notwithstanding any such commingling, the Trustee or the Registrar and Paying Agent (as the case may be) shall at all times account for such investments in the Funds and Accounts to which they are credited and otherwise as provided in the Indenture.

Neither the Trustee, the Registrar nor the Paying Agent shall be liable for any depreciation in the value of any investments in which moneys in the Funds or Accounts created by the Indenture shall be invested, or for any loss arising from any investment permitted hereby. The investments authorized by the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time. In the event that the District, upon the written opinion of Nationally Recognized Bond Counsel, addressed to the Trustee and the District, is of the opinion that it is necessary to restrict or limit the yield on the investment of any money or securities held in any Fund in order to avoid the Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code, the District may issue to the Trustee, the Registrar and the Paying Agent, as appropriate, written instructions to take whatever action is necessary to properly restrict or limit the yield on the investment in accordance with such instructions, in which event the Trustee, the Registrar and the Paying Agent, as appropriate, shall follow the instructions of the District. The District may, after the Trustee, the Registrar and the Paying Agent, as appropriate,

have complied with such instructions, (i) contest the need for the yield limitation and (ii) order its removal if the District obtains a ruling from the Internal Revenue Service to the effect that the limitation is not required or if Nationally Recognized Bond Counsel gives an opinion that the yield need not be so restricted.

Events of Default and Remedies

Each of the following events is an Event of Default under the Indenture:

(i) A failure to pay the principal of, or premium, if any, on any Bond when the same shall become due and payable, at maturity, upon redemption, or otherwise;

(ii) A failure to pay any installment of interest on any Bond when the same shall become due and payable; and

(iii) A failure by the District to observe or perform any covenant, condition, agreement or provision (other than as specified in clauses (i) or (ii) above) contained in the Bonds, the Indenture or any Bond Document which is to be observed or performed by the District and of which the Trustee has been given written notice, which failure shall continue for a period of 45 days after written notice, specifying the failure and requesting that it be remedied, shall have been given to the District by the Trustee, unless the Trustee shall agree in writing to an extension of time prior to expiration of the 45-day period; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not unreasonably withhold their consent to an extension of time if corrective action is instituted by the District within the applicable period and is being diligently pursued until the Event of Default is corrected.

Upon the occurrence of an Event of Default described in paragraphs (i) or (ii) above, the Trustee may, and shall, at the direction of the Owners of Bonds representing 51% of the principal amount of the Bonds then Outstanding, by written notice to the District, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, subject to the right of the Series 2007 Bond Insurer to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders under the Indenture. See “-Provisions Relating to Bond Insurance for Series 2007A Bonds” below.

At any time after the principal of the Bonds shall have been so declared to be due and payable pursuant to the provisions of the Indenture summarized in the paragraph immediately above, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee, by written notice to the District, the Registrar and the Paying Agent, may annul such declaration and its consequences if: (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal of all matured Bonds (except the principal of any Bonds due solely as a result of such declaration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and (iii) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due solely as a result of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Indenture upon an Event of Default, after payment of the costs and expenses, liabilities and advances incurred or made by the Trustee, including, but not limited to, all outstanding fees and expenses of the Trustee, the Paying Agent, the Registrar, and the Authenticating Agent, shall be deposited into the Debt Service Fund and all moneys so deposited into the Debt Service Fund during the continuance of an Event of Default (other than moneys held pursuant to the non-presentment provisions of the Indenture), shall be applied by the Trustee as follows:

(i) Unless the principal of all the Bonds shall be due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of the interest then due and unpaid on the Bonds and, if the amount available shall not be sufficient to pay in full all such interest, then to the payment of such interest, ratably, to the persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the persons entitled thereto of the unpaid principal due on any of the Outstanding Bonds in the order of the due dates for such payments, with interest upon such principal from the respective dates upon which such amounts shall have become due and payable (whether upon proceedings for redemption or otherwise), and, if the amount available shall not be sufficient to pay in full the principal, premium, if any, due and payable on any particular date, together with such interest, then to the payment first, of such interest, ratably, according to the amount of interest due on such date, and then, to the payment of such principal ratably, according to the amount due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: to the payment of the interest on and the principal of the Bonds as the same become due and payable (whether upon proceedings for redemption or otherwise); and

FOURTH: to the payment of the payees entitled to Bond Program Expenses.

(ii) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Outstanding Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture summarized under this heading, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders of the Outstanding Bonds shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the District, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee

shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

In case any proceedings taken by the Trustee or the Bondholders on account of any Default in respect of the Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the District or the Bondholders, then and in every such case the District, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority of the aggregate principal amount of the Outstanding Bonds shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that: (a) such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and (b) the Trustee shall have the right to decline to follow any such direction.

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy under the Indenture unless (a) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) the Holders of not fewer than 25% of the aggregate principal amount of the Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and (c) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or to any other remedy under the Indenture; provided, however, that the Holders of not fewer than 25% of the aggregate principal amount of the Outstanding Bonds may institute any such suit, action or proceeding in their own names for the benefit of all Bondholders.

It is understood and intended that, except as otherwise provided above, (i) no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner herein provided, (ii) all proceedings at law or in equity shall be maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds, and (iii) that any individual right of action or other right given by law to one or more of such Holders is restricted by the Indenture to the rights and remedies therein; provided, however, that nothing herein shall affect or impair the right of any Holder of any Bond to enforce payment of the principal of, premium, if any, and interest on such Bond at the time and place, from the source and in the manner expressed herein and in the Bonds.

In addition to the right of the Trustee to accelerate the maturity of the Bonds, the Trustee also shall have the power to institute and maintain such proceedings as it may deem necessary to protect its interest and the interests of the Bondholders in the Trust Estate. All rights of action under the Indenture or under any of the Bonds enforceable by the Trustee may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all Bondholders, subject to the provisions of the Indenture.

No remedy conferred by the Indenture upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy is cumulative and in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Subject to the provisions of the Indenture regarding the acceleration of maturity for payment defaults, the Trustee shall, upon the written request of the Owners of not fewer than 51% of the aggregate principal amount of the Outstanding Bonds, waive any Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture; but no such waiver shall extend to or affect any other existing or any subsequent Default or Defaults or impair any rights or remedies consequent thereon.

Indenture Amendments

The District and the Trustee may, from time to time and at any time, without the consent of or notice to the Bondholders, enter into Supplemental Indentures as follows:

(i) To cure any formal defect, omission, inconsistency or ambiguity in, or to clarify any provision contained in the Indenture.

(ii) To grant, confer or impose upon the Trustee, the Registrar, or the Paying Agent, for the benefit of the Bondholders, any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as previously in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee, the Registrar or the Paying Agent without its respective consent.

(iii) To add to the covenants and agreements of, and limitations and restrictions upon, the District in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as previously in effect.

(iv) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Indenture, of the Pledged Revenues, or of any other moneys, securities or funds.

(v) To make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different denominations and similar amendments and modifications of a technical nature.

(vi) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended, if applicable.

(vii) To provide for the amendment of the provisions concerning registration of the Bonds under a book-entry system or when the Bonds are in certificated form.

(viii) To preserve the exemption from federal income taxation of the interest paid on the Series 2007A Bonds or any Series of Additional Bonds, the interest on which is exempt from federal income taxation.

(ix) To provide additional collateral to the Bondholders.

(x) To obtain or maintain the rating of the Series 2007A Bonds or any Series of Additional Bonds by any Rating Agency.

(xi) To provide for the issuance of Additional Bonds in accordance with the Indenture.

(xii) To provide for the amendment of provisions concerning rebate subject to the delivery to the Trustee and the District of an opinion of Bond Counsel stating that the Supplemental Indenture is authorized by and complies with the terms of the Indenture, is permitted by law and will be valid and binding upon the District in accordance with its terms, and will not adversely affect the Tax-Exemption for the Series 2007A Bonds or any Series of Additional Bonds, the interest on which is exempt from federal income taxation.

(xiii) To make any change to reflect any provision in the Code or the interpretations thereof by the Internal Revenue Service, provided that such change does not materially adversely affect the rights of any Bondholder.

(xiv) To make any other amendments which do not materially adversely affect the interests of Holders of Outstanding Bonds.

Notwithstanding the foregoing, prior to the execution and delivery by the District and the Trustee of any Supplemental Indenture, the District and the Trustee must be in receipt of an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Authorizing Actions, complies with their respective terms and, upon its execution and delivery, will be valid and binding upon the District in accordance with its terms and will not adversely affect the Tax-Exemption for the Series 2007A Bonds or any Series of Additional Bonds, the interest on which is exempt from federal income taxation. The Trustee shall provide the Series 2007A Bond Insurer with written notice of any Supplemental Indenture executed and delivered.

Owners of not fewer than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution and delivery by the District and the Trustee of any Supplemental Indenture deemed necessary or desirable by the District for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in the Indenture; provided, however, that, unless approved in writing by the Owners of all the Bonds then Outstanding, nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal or interest on any Outstanding Bond, a change in the terms of principal amount or premium, if any, of any Outstanding Bond, or the rate of interest on any Outstanding Bond or a reduction in the principal amount or premium, if any, of any Outstanding Bond or (ii) the creation of a claim or lien upon, or a pledge of, the Trust Estate of the District ranking prior to the claim, lien or pledge created by the Indenture or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as provided in the Indenture or (iv) a reduction in the aggregate principal amount of the Bonds.

If at any time the District shall request the Trustee to enter into any Supplemental Indenture requiring Bondholder consent as described in the paragraph above, the Trustee shall cause notice of the proposed Supplemental Indenture to be given by Mail to the District and all Owners of Outstanding Bonds not fewer than 15 days in advance of the proposed effective date of such amendment. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and state that a copy of it is on file at the office of the Trustee for inspection by all Bondholders.

If the Bondholders of not fewer than the percentage of Bonds required by the Indenture shall have consented to and approved the execution and delivery of the Supplemental Indenture as provided in the Indenture, no Bondholder shall have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained in it or to its operation, or in any manner to question the propriety of its execution and delivery, or to enjoin or restrain the District or the Trustee from executing and delivering the same or from taking any action pursuant to its provisions.

Discharge of the Indenture

If the District shall pay or cause to be paid to the Owner of any Bond secured by the Indenture, the principal of, premium, if any, and interest due and payable, and thereafter to become due and payable, on that Bond, or any portion of that Bond, then that Bond or portion of that Bond shall cease to be entitled to the lien, benefit and security of the Indenture. If the District shall pay or cause to be paid to the Owners of all the Bonds secured by the Indenture, the principal of and interest due and payable, and thereafter to become due and payable on the Bonds, and shall pay or cause to be paid, or make other satisfactory arrangements with respect to, all other sums owing under the Indenture by the District, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall terminate. In that event, the Trustee shall assign, transfer and turn over the Trust Estate, including, without limitation, any surplus in the Debt Service Fund and any balance remaining in any other Fund created under the Indenture, to the District, except as provided in the non-presentment provisions of the Indenture.

Notwithstanding the foregoing, in the event that the principal of and/or the interest on the Series 2007A Bonds shall be paid by the Series 2007A Bond Insurer pursuant to the Insurance Policy, then, in such event, the Series 2007A Bonds shall remain Outstanding for all purposes and shall not be determined to be defeased, otherwise satisfied or considered paid by or on behalf of the District, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the District to the Owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights such Owners may have in respect of securities laws violations arising from the offer and sale of the Series 2007A Bonds.

Provisions Relating to Bond Insurance for Series 2007A Bonds

So long as the Series 2007A Bond Insurance Policy shall be in full force and effect and provided that there has been no event of default under the Series 2007A Bond Insurance Policy, the provisions of the Indenture summarized under this heading apply. Any other provision of the Indenture notwithstanding, such provisions apply and to the extent that there is any conflict, such provisions shall be deemed to control.

Any provision of the Indenture expressly recognizing or granting rights in or to the Series 2007A Bond Insurer may not be amended in any manner which affects the rights of the Series 2007A Bond Insurer under the Indenture without the prior written consent of the Series 2007A Bond Insurer.

Unless otherwise provided in the Indenture, the Series 2007A Bond Insurer's consent shall be required in addition to Bondholder, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture; and (ii) issuance of Additional Bonds, except for Additional Bonds issued in accordance with clause (ix) under "--Additional Bonds" above. Notwithstanding the foregoing, when Bondholder consent is not required for the execution and delivery of any Supplemental Indenture, notice shall be provided to the Series 2007A Bond Insurer.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Series 2007A Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Series 2007A Bonds, and (ii) the right to annul any such declaration of acceleration, and the Series 2007A Bond Insurer shall also be entitled to approve all waivers of Events of Default.

Series 2007A Bond Insurer will allow the following obligations to be used as Permitted Investments for purposes of defeasance.

- (1) Cash;
- (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);
- (3) Direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury itself;
- (4) The interest component of Resolution Funding Corp. strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (5) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If, however, the issue is only rated by S&P, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; and
- (6) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - (A) U.S. Export-Import Bank (Eximbank) - Direct obligations or fully guaranteed certificates of beneficial ownership;
 - (B) Farmers Home Administration;
 - (C) Federal Financing Bank;
 - (D) General Services Administration - Participation Certificates;
 - (E) U.S. Maritime Administration - Guaranteed Title XI financing;and
 - (F) U.S. Department of Housing and Urban Development - Project Notes, Local Authority bonds, New Communities Debentures and U.S. Public Housing notes and bonds.

The Series 2007A Bond Insurer will allow the following obligations to be used as Permitted Investments for all purposes other than defeasance:

- (1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS)

or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(A) U.S. Export-Import Bank (Eximbank) - Direct obligations or fully guaranteed certificates of beneficial ownership;

(B) Farmers Home Administration (FmHA) - Certificates of Beneficial Ownership;

(C) Federal Financing Bank;

(D) Federal Housing Administration Debentures (FHA);

(E) General Services Administration - Participation Certificates;

(F) Government National Mortgage Association (GNMA or Ginnie Mae): GNMA - guaranteed mortgage-backed bonds; GNMA - guaranteed pass-through obligations;

(G) U.S. Maritime Administration - Guaranteed Title XI financing;
and

(H) U.S. Department of Housing and Urban Development (HUD) - Project Notes; Local Authority Bonds; New Communities Debentures - U.S. government guaranteed debentures or U.S. Public Housing Notes and Bonds or U.S. government guaranteed public housing notes and bonds;

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(A) Federal Home Loan Bank System - Senior debt obligations;

(B) Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) - Participation Certificates; Senior debt obligations;

(C) Federal National Mortgage Association (FNMA or Fannie Mae) - Mortgage-backed securities and senior debt obligations;

(D) Student Loan Marketing Association (SLMA or Sallie Mae): Senior debt obligations;

(E) Resolution Funding Corp. (REFCORP) obligations; and

(F) Farm Credit System: Consolidated systemwide bonds and notes.

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2;

(5) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(7) Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Series 2007A Bond Insurer;

(8) Commercial paper rated, at the time of purchase, "Prime -1" by Moody's and "A-1" or better by S&P;

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies;

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; and

(11) Repurchase Agreements ("Repos") for 30 days or less must follow the following criteria. Repos which exceed 30 days must be acceptable to the Series 2007A Bond Insurer:

Repos provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

(A) Repos must be between the municipal entity and a dealer bank or securities firm.

a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and A2 or better by Moody's, or

b. Banks rated "A" or better by S&P and A2 or better by Moody's.

(B) The written Repo contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct obligations of the United States of America referred to in Subsection (1) above; or

(2) Obligations of federal agencies referred to in Subsection (2) above; or

(3) Obligations of FNMA and FHLMC.

b. The term of the Repos may be up to 30 days.

c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee is (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral.

(1) the securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the municipal entity, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

A legal opinion which must be delivered to the municipal entity that states that the Repo meets guidelines under state law for legal investment of public funds

In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Series 2007A Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2007A Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Series 2007A Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Series 2007A Bond Insurer or its designee.

In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 2007A Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Series 2007A Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Trustee by the Indenture is irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2007A Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2007A Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "Insurance Trustee"), in form satisfactory to the Insurance Trustee, an instrument appointing the Series 2007A Bond Insurer as agent for such Holders in any legal proceeding

related to the payment of such interest and an assignment to the Series 2007A Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2007A Bond Insurer, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Series 2007A Bonds, the Trustee shall (a) execute and deliver to the Insurance Trustee in form satisfactory to the Insurance Trustee an instrument appointing the Series 2007A Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Series 2007A Bond Insurer of any of the Series 2007A Bond surrendered to the Insurance Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Trustee is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Trustee, and (c) disburse the same to such Holders.

Payments with respect to claims for interest on and principal of Series 2007A Bonds disbursed by the Trustee from proceeds of the Series 2007A Bond Insurance Policy shall not be considered to discharge the obligation of the District with respect to such Series 2007A Bonds, and the Series 2007A Bond Insurer shall become the owner of such unpaid Series 2007A Bond and claims for the interest in accordance with the tenor of the assignment made to it.

Irrespective of whether any such assignment is executed and delivered, the District and the Trustee agree in the Indenture for the benefit of the Series 2007A Bond Insurer that:

(i) They recognize that to the extent the Series 2007A Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Series 2007A Bonds, the Series 2007A Bond Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the District, with interest thereon as provided and solely from the sources stated in the Indenture and the Series 2007A Bonds; and

(ii) They will accordingly pay to the Series 2007A Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Indenture and the Series 2007A Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2007A Bonds to Holders, and will otherwise treat the Series 2007A Bond Insurer as the owner of such rights to the amount of such principal and interest.

In connection with the issuance of Additional Bonds, the District shall deliver to the Series 2007A Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

Copies of any amendments made to the documents executed in connection with the issuance of the Series 2007A Bonds which are consented to by the Series 2007A Bond Insurer shall be sent to S&P.

The Series 2007A Bond Insurer shall receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

The Series 2007A Bond Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the District's audited financial statements and Annual Budget.

Any notice that is required to be given to a holder of the Series 2007A Bond or to the Trustee pursuant to the Indenture shall also be provided to the Series 2007A Bond Insurer. All notices required to be given to the Series 2007A Bond Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

The District agrees to reimburse the Series 2007A Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Series 2007A Bond Insurer in connection with (i) the enforcement by the Series 2007A Bond Insurer of the District's obligations, or the preservation or defense of any rights of the Series 2007A Bond Insurer, under the Indenture and any other document executed in connection with the issuance of the Series 2007A Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Indenture or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Series 2007A Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

The District agrees not to use the Series 2007A Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Series 2007A Bond Insurer's prior consent; provided however, such prohibition on the use of the Series 2007A Bond Insurer's name shall not relate to the use of the Series 2007A Bond Insurer's standard approved form of disclosure in public documents issued in connection with the current Series 2007A Bonds to be issued in accordance with the terms of the Series 2007A Bond Insurer's commitment to the District; and provided further such prohibition shall not apply to the use of the Series 2007A Bond Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

The District shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Series 2007A Bond Insurer.

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APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

December __, 2012

The District of Columbia
1350 Pennsylvania Avenue, N.W.
Sixth Floor
Washington, D.C. 20004

\$39,585,000
DISTRICT OF COLUMBIA
(Washington, D.C.)

\$22,395,000
Deed Tax Revenue Bonds
Series 2012A

\$17,190,000
Deed Tax Revenue Bonds
Series 2012B

Dear Ladies and Gentlemen:

We have served as bond counsel to our client, the District of Columbia (the "District"), and not as counsel to any other person in connection with the issuance by the District of its Deed Tax Revenue Bonds, Series 2012 (the "Bonds"), dated the date of this letter.

The Bonds are issued pursuant to (i) the District of Columbia Home Rule Act (P.L. 98-198; 87 Stat. 774; D.C. Official Code §§ 1-201.01 *et seq.*) (the "Home Rule Act"), (ii) the Housing Production Trust Fund Act of 1988 (D.C. Law 7-202; D.C. Official Code §§ 42-2801 *et seq.*) effective March 16, 1989 (the "Authorizing Act"), the Northwest One Sursum Corda Cooperative Approval Resolution of 2006, effective June 6, 2006, and the New Communities Initiative Bonds Issuance Approval Resolution of 2008, R17-873, effective December 2, 2008 (together, the "Authorizing Resolution", and collectively with the Home Rule Act and the Authorizing Act, the "Authorizing Actions"), and (iii) the Amended and Restated Indenture of Trust dated as of August 1, 2010 (the "Master Indenture"), as supplemented and amended, including by a First Supplemental Indenture of Trust dated as of August 1, 2010 (the "First Supplemental Trust Indenture"), and a Second Supplemental Indenture of Trust dated as of December 1, 2012 (the "Second Supplemental Trust Indenture" and, together with the Master Indenture and First Supplemental Trust Indenture, the "Indenture"), each by and between the District and The Bank of New York Mellon, as trustee (the "Trustee"). Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, the signed and authenticated Series 2012 Bond of the first maturity, the Indenture and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The District is a body politic and corporate, duly created and organized and validly existing for municipal purposes under the Constitution of the United States of America and the Home Rule Act, with corporate power and authority to enter into and perform its obligations under the Indenture and to pledge and assign the Trust Estate to the Trustee under the Indenture.
2. The Bonds and the Indenture are valid and binding obligations of the District, enforceable in accordance with their respective terms.
3. The Bonds constitute special obligations of the District, and the principal of and interest and any premium on (collectively, “debt service”) the Bonds, together with debt service on any other obligations issued and outstanding on a parity with the Bonds as provided in the Indenture, are payable from and secured solely by the Pledged Revenues specifically pledged to the payment thereof and other amounts specifically pledged therefor under the Indenture. The Bonds are without recourse to the District, are not a pledge of, and do not involve, the full faith and credit or taxing power of the District (other than real property transfer taxes and deed recordation taxes allocated to the allocated fund and deposited with the Trustee), do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings as prohibited by Section 602(a)(2) of the Home Rule Act.
4. Interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except interest on any Series 2012B Bond for any period during which it is held by a “substantial user” or a “related person,” as those terms are used in Section 147(a) of the Code, and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Series 2012A Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.
5. The Bonds and the interest thereon are exempt from District taxation, except estate, inheritance and gift taxes.

We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the District and (iii) the correctness of the legal conclusions contained in the legal opinion letters of the Attorney General for the District and counsel to other parties to the transaction delivered in connection with this matter.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the District and the Series 2012B Borrowers. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the

Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM PROCEDURES

The information contained in this Appendix has been extracted from a document prepared by DTC, entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.”

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.com.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated December 6, 2012, is executed and delivered by the District of Columbia (the “Issuer”) in connection with the issuance and sale of the Issuer’s \$22,395,000 Deed Tax Revenue Bonds, Series 2012A and \$17,190,000 Deed Tax Revenue Bonds, Series 2012B (the “Bonds”), issued pursuant the HPTF Act and the Indenture (as defined in the Official Statement). Capitalized terms used in this Agreement which are not otherwise defined in the Indenture shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each Fiscal Year of the Issuer, commencing with Fiscal Year ending September 30, 2013, by no later than five months after the end of the respective Fiscal Year, to MSRB.

(b) The Issuer shall provide, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof because not available, the Issuer shall provide Audited Financial Statements, when and if available, to MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days after the occurrence of the event, notice of such Notice Event to (i) MSRB and (ii) the Trustee.

(b) Any such notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the Issuer including the Bonds, such Notice Event notice need only include the CUSIP number of the Issuer.

Section 1.5. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual

Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or Notice Event notice in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.7. Previous Non-Compliance. The Issuer represents that, except as disclosed in the Official Statement, in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information (but not Notice Event notices) by specific reference to documents (i) available to the public on the MSRB Internet Web site or (ii) filed with the SEC.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Notice Events. Each notice of a Notice Event hereunder shall be captioned “Notice Event” and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4 Filing with Certain Dissemination Agents or Conduits. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.5. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Issuer’s current Fiscal Year begins October 1 and ends on September 30, and the Issuer shall promptly notify (i) MSRB and (ii) the Trustee of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Issuer’s obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments to or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel to the same effect as set forth in clause (2) above, (4) the Issuer shall have received an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Issuer (such as bond counsel or the Trustee), to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have received an opinion of Counsel to the effect that performance by the Issuer under this Agreement as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to MSRB.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3 Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party

beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the District, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the District; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively:

A. (i) Audited Financial Statements, if available, or Unaudited Financial Statements for the immediately preceding Fiscal Year; and

(ii) the District’s Comprehensive Annual Financial Report, if any is prepared, for the immediately preceding Fiscal Year, and if not prepared, such annual financial information as the District is advised by disclosure counsel or bond counsel would satisfy the definition of “annual financial information” in the Rule; and

B. the tables in the Official Statement entitled (a) Historical Collections of Deed Taxes, (b) Real Estate Transactions, and (c) Estimated Deed Tax Receipts Transferred to the Housing Production Trust Fund, Fiscal Years 2012-2016.

C. the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement.

Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual basic financial statements, if any, of the Issuer, audited by such auditor as selected by the Inspector General or as shall otherwise then be required or permitted by District or federal law or the Indenture. Audited Financial Statements shall be

prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Issuer may from time to time, if required by federal or District legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or District law or regulation describing such accounting principles, or other description thereof.

(3) “Counsel” means nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(6) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities, if material;

and

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(7) “Official Statement” means the Official Statement dated November 20, 2012, of the Issuer relating to the Bonds.

(8) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(9) “SEC” means the United States Securities and Exchange Commission.

(10) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

DISTRICT OF COLUMBIA

By:

Jeffrey Barnette
Deputy Chief Financial Officer and Treasurer

